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Supreme Court, U.S.
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No. 80-314

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

FACTORS ETC., INC.,

Petitioner,

v.

MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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QUESTION PRESENTED

Whether a state-recognized right to make exclusive commercial use of a celebrity's name and likeness, having been assigned by the celebrity in accord with applicable state law in return for a share of royalties from such commercial use, may be terminated by federal judicial action upon the celebrity's death, without any prior warning or determination in the state's law that death would work such termination, and without compensation either to the assignee or to the celebrity's heirs,

(1) on the theory that the First Amendment undermines the existence of an inheritable right of publicity?

(2) on the theory that it would be "fairer and more efficient" if commercial use of the names and images of deceased celebrities were to be "open to all" upon death?

TABLE OF CONTENTS

	Page
Question Presented	(i)
Opinions Below	2
Jurisdiction	2
Constitutional Provisions Involved	2
Statement of the Case	3
Reasons for Granting the Writ	8
I. The Court of Appeals Impermissibly Disparaged Petitioner's First Amendment Claim to the Fostering of Expression Through an Assignable and Devisable Right of Publicity.	9
II. The Court of Appeals Impermissibly Treated the First Amendment as Undermining Enforcement of a Devisable Right of Publicity.	11
III. The Conflict Between the Sixth and Second Circuits Over the Role of the First Amendment in This Area Requires Resolution by This Court.	13
IV. By Permitting the Public to Exploit a Deceased Celebrity's Exclusive Right Under State Law to the Commercial Use of His Name and Likeness, Assigned During the Celebrity's Life and Purchased From His Assignee Upon His Death, the Court Below Destroyed Both Petitioner's Investment and the Financial Benefits Accruing to the Celebrity's Heirs and Thereby Took Property Without Just Compensation.	15
Conclusion	20
Appendix	1a

TABLE OF AUTHORITIES

Cases: Page

Ali v. Playgirl, Inc., 447 F. Supp. 723 (S.D.N.Y. 1978) 16

Bradford & Carson v. Montgomery Furniture Co., 115 Tenn. 610, 92 S.W. 1104 (1915) 18

Canessa v. J. I. Kislak, Inc., 97 N.J. Super. 327, 235 A.2d 62 (Super. Ct. Law Div. 1967) 16

Cepeda v. Swift & Co., 415 F.2d 1205 (8th Cir. 1969) 16

City of Chicago v. Atchison, Topeka & Santa Fe Railway Co., 357 U.S. 77 (1958) 6

Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc., 600 F.2d 1184 (5th Cir. 1979) 12

Edison v. Edison Polyform Manufacturing Co., 73 N.J. Eq. 136, 67 A. 392 (Ch. 1907) 16

Ettore v. Philco Television Broadcasting Corp., 229 F.2d 481 (3d Cir.), *cert. denied*, 351 U.S. 926 (1956) 16

Factors Etc., Inc. v. Creative Card Co., 444 F. Supp. 279 (S.D.N.Y. 1977) 4, 14, 16, 17

Factors Etc., Inc. v. Pro Arts, Inc., 444 F. Supp. 288 (S.D.N.Y. 1977) 5, 13, 17

Factors Etc., Inc. v. Pro Arts, Inc., 579 F.2d 215 (2d Cir.), *cert. denied*, 440 U.S. 908 (1979) 5, 7, 9, 13, 14, 16, 17

Grant v. Esquire, Inc., 367 F. Supp. 876 (S.D.N.Y. 1973) 16

Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953) 16, 17

Hicks v. Casablanca Records, 464 F. Supp. 426 (S.D.N.Y. 1978) 17

Page

Hogan v. A. S. Barnes & Co., Inc., 114 U.S.P.Q. 314 (Pa. Ct. C.P. 1957) 16

Hughes v. Washington, 389 U.S. 290 (1967) 19

International News Service v. Associated Press, 248 U.S. 915 (1918) 12

Kaiser Aetna v. United States, 444 U.S. 164 (1979) 19

Lombardo v. Doyle, Dane & Bernbach, Inc., 58 A.D.2d 620, 396 N.Y.S.2d 661 (App.Div. 1977) 5, 16

Lugosi v. Universal Pictures, 25 Cal.3d 813, 160 Cal. Rptr. 323, 603 P.2d 425 (1979) 9, 18

McQueen v. Wilson, 117 Ga. App. 488, 161 S.E.2d 63 (Ct. App.), *rev'd on other grounds*, 224 Ga. 420, 162 S.E.2d 313 (1968) 16

Memphis Development Foundation v. Factors Etc., Inc., 441 F.Supp. 1323 (W.D. Tenn.), *aff'd*, 578 F.2d 1381 (6th Cir. 1978) 2, 3, 4, 5, 6, 18

Memphis Development Foundation v. Factors Etc., Inc., 616 F.2d 956 (6th Cir. 1980) .. 2, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 19, 20

Munden v. Harris, 153 Mo. App. 652, 134 S.W. 1076 (Ct. App. 1911) 16

O'Brien v. Pabst Sales Co., 124 F.2d 167 (5th Cir.), *cert. denied*, 315 U.S. 823 (1942) 16

Oregon v. Hass, 420 U.S. 714 (1975) 15

Pennsylvania Coal Co. v. Mahon, 260 U.S. 393 (1922) 19

Price v. Hal Roach Studios, Inc., 400 F. Supp. 836 (S.D.N.Y. 1975) 5, 17

Pruneyard Shopping Center v. Robbins, 100 S.Ct. 2035 (1980) 15

Robinson v. Robinson's, Inc., 9 Tenn. App. 103 (Ct. App. 1929) 5, 18

Page

Rosemont Enterprises, Inc. v. Urban Systems, Inc., 72 Misc.2d 788, 340 N.Y.S.2d 144 (Sup. Ct.), *aff'd as modified*, 42 A.D.2d 544, 345 N.Y.S.2d 17 (App. Div. 1973) 16

The Stratton Claimants v. The Morris Claimants, 89 Tenn. 497, 15 S.W. 87 (1891) 18

Uhlaender v. Hendricksen, 316 F. Supp. 1277 (D. Minn. 1970) 16

United States v. Paramount Pictures, 334 U.S. 131 (1948) 10

U.S. Life Ins. Co. v. Hamilton, 238 S.W.2d 289 (Tex. Ct. App. 1951) 16

Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc., 425 U.S. 748 (1976) 11

Washington Publishing Co. v. Pearson, 306 U.S. 30 (1939) 10

Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579 (1952) 19

Zacchini v. Scripps-Howard Broadcasting Co., 433 U.S. 562 (1977) 5, 7, 9, 10, 12, 14, 16

Constitutional and Statutory Authorities:

United States Constitution:

Amendment I 2, 8, 9, 10, 11, 12, 13, 15

Amendment V 2, 15, 19

Amendment XIV 15

United States Code:

17 U.S.C. §§ 302, 303, 304 12

28 U.S.C. § 1254(1) 2

28 U.S.C. § 1332 4

Page

Other Sources:

Comment, *Transfer of the Right of Publicity: Dracula's Progency and Privacy's Stepchild*, 22 U.C.L.A. L. Rev. 1103 (1975) 14

Donenfeld, *Property or Other Rights in the Names, Likenesses or Personalities of Deceased Persons*, 16 Bull. Copyright Soc'y 17 (1968) .. 18

Felcher & Rubin, *The Descendability of the Right of Publicity: Is There Commercial Life After Death?* 89 Yale L.J. 1125 (1980) 14

Felcher & Rubin, *Privacy, Publicity and the Portrayal of Real People by the Media*, 88 Yale L.J. 1577 (1979) 14

Note, *Human Cannonballs and the First Amendment: Zacchini v. Scripps-Howard Broadcasting Co.*, 30 Stan. L. Rev. 1185 (1978) 9

Note, *Lugosi v. Universal Pictures, Descent of a Right of Publicity*, 29 Hastings L.J. 751 (1978) 17

Note, *The Right of Publicity — Protection for Public Figures and Celebrities*, 42 Brooklyn L. Rev. 527 (1976) 14, 16, 18

Note, *Why Not a Relational Right of Privacy — or Right of Property?*, 42 Mo. Kansas City L. Rev. 175 (1973) 18

Sobel, *Count Dracula and the Right of Publicity*, 47 L.A. Bar Bull. 373 (1972) 18

INDEX TO APPENDIX

	Page
Memphis Development Foundation v. Factors Etc., Inc., 616 F.2d 956 (6th Cir. 1980)	1a
Memphis Development Foundation v. Factors Etc., Inc., 441 F.Supp. 1323 (W.D.Tenn. 1977)	9a
District Court's Order for Preliminary Injunction of December 9, 1977	24a
Circuit Court's Order of June 29, 1978, affirming District Court's Preliminary Injunction Order	27a
Circuit Court's Order of October 27, 1978, denying Memphis Development Foundation's Petition for Rehearing	29a
Transcript of District Court's oral opinion of March 7, 1979, granting Permanent Injunction	30a
District Court's Order of March 7, 1979, granting Petitioner's Motion for Permanent Injunction	35a
District Court's Judgment of March 8, 1979, granting Petitioner's Motion for Permanent Injunction	36a
Circuit Court's Judgment of March 6, 1980, reversing District Court's Judgment of March 8, 1979, and remanding for further proceedings	38a
Circuit Court's Order of April 28, 1980, denying Petitioner's Petition for Rehearing with a suggestion of rehearing *en banc*	40a
Factors Etc., Inc. v. Pro Arts, Inc., 579 F.2d 215 (2d Cir. 1978)	41a
District Court's Opinion and Order of July 29, 1980 in *Factors Etc., Inc. v. Pro Arts, Inc.*, granting Factors' Motion for Permanent Injunction	54a

In The

Supreme Court of the United States

October Term, 1980

No. 80-314

Factors Etc., Inc.,

Petitioner,

v.

Memphis Development Foundation,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Petitioner Factors Etc., Inc., respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Sixth Circuit entered in this proceeding on March 6, 1980, reversing the judgment of the United States District Court for the Western District of Tennessee, entered on March 8, 1979, permanently enjoining respondent Memphis Development Foundation from infringing petitioner's exclusive right to market the name and likeness of the late Elvis Presley.

OPINIONS BELOW

The opinion of the court of appeals announcing the judgment at issue is reported at 616 F.2d 956 (6th Cir. 1980), and appears in the appendix hereto ("App.") at 1a. The opinion of the district court granting Factors Etc., Inc. preliminary injunctive relief is reported at 441 F.Supp. 1323 (W.D. Tenn. 1977), and appears at App. 9a. The unpublished reporter's transcript of the district court's oral opinion of March 7, 1979, granting petitioner's motion for permanent injunctive relief appears at App. 30a.

JURISDICTION

The judgment of the court of appeals sought to be reviewed by this petition was entered on March 6, 1980, and appears at App. 38a. The order of the court of appeals denying petitioner's timely petition for rehearing with a suggestion of rehearing *en banc* was entered on April 28, 1980, and appears at App. 40a. On July 18, 1980, Mr. Justice White, acting in the absence of Circuit Justice Stewart, extended the time in which to file this petition from July 28, 1980, to August 27, 1980, the date upon which this petition is being filed. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS INVOLVED

United States Constitution, Amendment I:

"Congress shall make no law . . . abridging the freedom of speech . . . ."

United States Constitution, Amendment V:

"No person shall be . . . deprived of . . . property, without due process of law; nor shall private property be taken for public use, without just compensation."

STATEMENT OF THE CASE

On August 18, 1977, petitioner Factors Etc., Inc., a Delaware corporation ("Factors"), purchased from Boxcar, Inc., a Tennessee corporation ("Boxcar"), the exclusive right to market the name, picture, image, likeness, and personality of Elvis Presley, who had died in Memphis, Tennessee, two days earlier.[1] Early in his legendary career as a singer, performer, entertainer, and actor, Presley had granted this exclusive right to his manager, Colonel Tom Parker, and in 1974 Presley and Parker had transferred all of these " 'commercial Presley rights,' " 441 F. Supp. at 1324, App. 10a, to Boxcar in exchange for royalties to Presley and his heirs, among others. Upon purchasing the late Presley's right of publicity from Boxcar for $150,000,[2] Factors began marketing, through licensing arrangements, Elvis Presley novelty items, including pewter statuettes in three castings approved by Parker and by Presley's father, Vernon.

Shortly after Presley's death, respondent Memphis Development Foundation, a Tennessee not-for-profit corporation ("the Foundation"), commissioned a sculptor to design and cast a bronze statue of Presley, to be erected in Memphis at a projected cost of $200,000. To raise this amount, the Foundation announced that it would give an eight-inch pewter replica of the proposed bronze statue to anyone who contributed $25.00 or more to the project, and the Foundation estimated that it would spend at least $10,000 on advertisements soliciting contributions to carry out

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[1] All facts herein are undisputed and are set forth in one or more of the three opinions below. Specific citations in this statement of the case are provided only for quoted portions of those opinions.

[2] Presley's father, Vernon, signed the August 18, 1977, agreement as executor of the Elvis Presley estate and as the representative of Presley's share of Boxcar.

its plan.[3] On September 12, 1977, the Foundation, invoking federal diversity jurisdiction under 28 U.S.C. § 1332, filed a complaint against Factors in the United States District Court for the Western District of Tennessee seeking a declaration that Presley's right of publicity was extinguished by his death, and that the Foundation was free as of that time to finance its proposed bronze statute through the distribution of pewter replicas without authorization from or interference by Factors. Factors counterclaimed for damages and an order enjoining the further distribution of the pewter replicas by the Foundation. Factors emphasized that it did not oppose and would in no way seek to halt the construction "of any sort of memorial to Elvis Presley by [the Foundation] or anyone else." App. 34a.

On December 5, 1977, the district court granted Factors' motion for a preliminary injunction. 441 F.Supp. at 1330-31, App. 23a.[4] Observing that no reported Tennessee decision had addressed the precise question whether a celebrity's right of publicity survives his death, 441 F.Supp. at 1325 n.2, App. 11a n.2, the district court noted that, at least during his lifetime, "Elvis Presley himself had what has been recognized in Tennessee as a valuable proprietary right, a kind of property right in his name and image, and . . . had an exclusive right to market it, to assign it, or to benefit from its use commercially." 441 F.Supp. at 1330, App. 21a. The district court then noted that several courts outside of Tennessee had explicitly ruled that the right of publicity survives death, 441 F.Supp. at 1330, App. 22a,[5]

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[3] The Foundation's effort did not have the "specific prior approval" of Memphis city officials or the city's Chamber of Commerce. 441 F.Supp. at 1324 n.1, App. 9a n.1.

[4] The district court's Order for Preliminary Injunction appears at App. 24a.

[5] The district court cited *Factors Etc., Inc. v. Creative Card Co.*, 444 F.Supp. 279 (S.D.N.Y. 1977) (granting preliminary injunction restraining defendant from printing and distributing Elvis Presley

and that a Tennessee state court had rendered a decision supporting recognition of such survivability "by analogy." *Id.*[6] Finally, the district court pointed to the parallel this Court has drawn between patent and copyright protection — which does not depend on whether the inventor or artist is living or dead — and state protection of a person's intangible property interest in an act or performance. 441 F.Supp. at 1329, App. 20a-21a, citing *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977).

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memorabilia, and holding that the exclusive right to do so was validly transferred to Factors by Boxcar after Presley's death), and *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D.N.Y. 1975) (holding that, under New York law, the right of publicity, exercisable as property right by Laurel and Hardy during their lifetimes, did not terminate upon their deaths). *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F.Supp. 288 (S.D.N.Y. 1977), the companion case to *Creative Card Co., supra*, was subsequently affirmed on appeal, 579 F.2d 215, 219 (2d Cir.) (presenting "identical issue" to that in *Creative Card Co.*), *cert. denied*, 440 U.S. 908 (1979), App. 41a, as the district court noted in its later opinion granting permanent injunctive relief. App. 32a. This Court denied certiorari in *Pro Arts, Inc.*, on February 21, 1979, more than one year before the court below entered its judgment against Factors. The district court's earlier opinion granting preliminary injunctive relief had been approvingly cited by the Second Circuit in *Pro Arts, Inc., supra*, 579 F.2d at 221, App. 51a-52a. The Second Circuit itself, in affirming *Pro Arts, Inc.*, noted further support for recognizing the descendibility of the right of publicity in *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 621, 396 N.Y.S.2d 661, 664 (App. Div. 1977) (dictum). 579 F.2d at 221 n.10, App. 51a n.10.

On July 29, 1980, the district court in *Pro Arts, Inc.*, granted Factors permanent injunctive relief; its unreported opinion doing so appears at App. 54a. A notice of appeal from the July 29, 1980, *Pro Arts, Inc.*, decision was filed in the Second Circuit on August 20, 1980.

[6] *Robinson v. Robinson, Inc.*, 9 Tenn.App. 103 (Ct.App. 1929) (recognizing special property right in name "Robinson's" which was inherited by decedent's widow, further recognizing her right to exclusive use of goodwill and name of deceased husband lest another adopt the name and unfairly compete with the name used by Robinson while alive).

Noting that the Foundation, "although a 'non-profit' entity, [was], nevertheless, utilizing an Elvis Presley likeness in a commercial (and competitive) fashion without authority of the purported licensee or the estate itself," 441 F.Supp. at 1330, App. 22a-23a, the district court preliminarily enjoined the Foundation, on the strength of the foregoing authorities, from further distribution of its pewter replicas. 441 F.Supp. at 1330, App. 23a. After a different panel of the court below on June 29, 1978, affirmed the district court's order, 578 F.2d 1381, App. 27a, and on October 27, 1978, denied the Foundation's petition for rehearing, App. 29a, the district court on March 7, 1979, granted permanent injunctive relief against the Foundation on Factors' motion for summary judgment. App. 33a-34a.[7]

On March 6, 1980, the United States Court of Appeals for the Sixth Circuit reversed. 616 F.2d 956, App. 1a.[8] That court acknowledged that "[a]n individual is entitled to control the commercial use of [his name and likeness] during life," 616 F.2d at 958, App. 3a (footnote omitted), and observed further that Second Circuit cases and scholarly commentators have concluded that the right of publicity is a form of property that may be passed on to heirs and as-

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[7] The district court's order granting a permanent injunction appears at App. 35a; its judgment appears at App. 36a.

[8] The judgment of the court of appeals appears at App. 38a. Although the opinion below remanded the case "for further proceedings not inconsistent with the principles announced above," 616 F.2d at 960, App. 8a, the judgment is final for purposes of this Court's review, for "[b]y its decision the Court of Appeals resolved all disputed questions between the parties. . . . There [is] nothing more to litigate; all that remain[s] for the District Court on remand [is] to formally enter judgment for the [Foundation]." *City of Chicago v. Atchison, Topeka & Sante Fe Railway Co.*, 357 U.S. 77, 83 (1958). Indeed, inquiries to the chambers of the district court made by counsel for petitioner on August 25, 1980, elicited the response that the district court was awaiting disposition by this Court of this petition before proceeding further with the case on remand from the court of appeals.

signs. 616 F.2d at 958, App. 3a. But the court below did not discuss these judicial and scholarly authorities, and made no mention of the Tennessee decision in which the district court had found support by analogy for the judgment it had rendered.[9] Instead, the court of appeals decided "that the right of publicity *should not* be given the status of a devisable right, even where as here a person exploits the right by contract during life," 616 F.2d at 958, App. 4a (emphasis added), because "[i]t seems fairer and more efficient for the commercial, aesthetic, and political use of the name, memory and image of the famous to be open to all rather than to be monopolized by a few." 616 F.2d at 960, App. 7a.

To reach this conclusion, the court below, drawing on putative insights of moral philosophy, first opined that the expectation of a "post-mortem right of publicity" is too "weak" a motivation for creativity and expression to justify recognition of such a right. 616 F.2d at 958-59, App. 4a-5a, citing J. Rawls, *A Theory of Justice* 426-27 (1971). The court then suggested that, far from serving First Amendment values by encouraging creative expression, a descendible right of publicity, by burdening those who desire to market the name and image of the deceased for their own profit, would "[a]t [some] point . . . collide with the right of free expression guaranteed by the first amendment." 616 F.2d at 959, App. 5a.[10] For these reasons, the court below thought it preferable for "the opportunity to use the name of the dead" to be subject to "[a]n equal distribution." 616 F.2d at 960, App. 7a. Accordingly, and in spite of its earlier

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[9] The court of appeals flatly declared, instead, that "Tennessee courts have not addressed this issue directly or indirectly, and we have no way to assess their predispositions." 616 F.2d at 958, App. 4a.

[10] By contrast, the Second Circuit in *Pro Arts, Inc., supra*, specifically held that a poster of Elvis Presley bearing the legend "IN MEMORY" did not rise to the level of "newsworthy" material protected by the First Amendment. 579 F.2d at 222, App. 53a. *See Zacchini, supra*, 433 U.S. 574-75.

acknowledgement that governing principles of state law made the right of publicity assigned by Presley to Boxcar in exchange for royalties a species of *private property* — "an exclusive legal right . . . to control and profit from the commercial use of [a person's] name and personality," 616 F.2d at 956, App. 1a — the court of appeals held that this private property — for which Factors had paid $150,000 — was automatically converted into "a common asset" upon Elvis Presley's death. 616 F.2d at 960, App. 7a. No compensation has been made or authorized to reimburse Factors or the Presley estate and its assignees as the holder and royalty beneficiaries, respectively, of the property interest that was once private but is now "open to all." 616 F.2d at 960, App. 7a.

REASONS FOR GRANTING THE WRIT

This case involves matters of substantial importance both to the national entertainment industry and to all whose lives are touched by the creative energies released by the enduring financial promise of celebrity. By the judgment and opinion sought to be reviewed in this petition, the Sixth Circuit has effectively held that federal judges, acting in the name of protected First Amendment expression, may seize the commercial value of a deceased performer's name and fame from those to whom he has transferred his "right of publicity" during life, and, without compensating the purchasers or beneficiaries of this valuable right, transform it into a "common asset" available for commercial exploitation by all.

In so ruling, the Sixth Circuit not only placed itself squarely in conflict with the Second Circuit on this question of national import, making the meaning of the First Amendment vary with geography. The court also asserted a power not entrusted by the Constitution to any Article III tribunal — a power to appropriate state-created private property at a celebrity's death, the better to serve the court's

conception of the social good. Restoring a defensible, nationally uniform norm of First Amendment interpretation, and repudiating an ominous, confiscatory abuse of the federal judicial power, warrant this Court's plenary review of the ruling below.

I.

The Court of Appeals Impermissibly Disparaged Petitioner's First Amendment Claim to the Fostering of Expression Through an Assignable and Devisable Right of Publicity.

The Sixth Circuit held below that "the right of publicity," 616 F.2d at 958 n.1, App. 3a n.1, the existence of which on the facts herein that court conceded, *id.* at 957, 958 & n.1, App. 3a & n.1, cannot survive death notwithstanding the decedent's contractual "assignment of the right . . . during [his] life." *Id.* at 960, App. 7a. That holding abridged freedom of speech by "render[ing] virtually worthless," *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 221 (2d Cir.), *cert. denied*, 440 U.S. 908 (1979), App. 41a, the very asset whose commercial devisability partly motivated decedent's creative efforts, 616 F.2d at 960, App. 7a, and by destroying for the future a distinct "incentive for expending time and resources to develop the skills or achievements prerequisite to public recognition." *Lugosi v. Universal Pictures*, 25 Cal.3d 813, 840, 160 Cal. Rptr. 323, 339, 603 P.2d 425, 441 (1979) (Bird, C. J., dissenting).[1]

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[1] The "performances, inventions and endeavors [of such performers] enrich our society, while their participation in commercial enterprises may communicate valuable information to consumers. (See [*Zacchini v. Scripps-Howard Broadcasting Co., supra,*] at pp. 576-77, 97 S. Ct. 2849, Note, [*Lugosi v. Universal Pictures*, Descent of a Right of Publicity], 29 Hastings L.J. [751,] 767-768 [(1978)]; Note, *Human Cannonballs and the First Amendment: Zacchini v. Scripps-Howard Broadcasting Co.* (1978) 30 Stan. L. Rev. 1185, 1186, fn. 7) (footnote omitted)." *Lugosi v. Universal Pictures, supra*, 25 Cal. 3d at 840 (Bird, C.J., dissenting).

The political and social content of performances such as Presley's, be they renditions of the Gospel or such contemporary commentary as that of the song "In The Ghetto," is beyond dispute. "There is no doubt that entertainment, as well as news, enjoys First Amendment protection," *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 580 (1977), and no such doubt was voiced by the court below. Moreover, that the state's recognition and enforcement of a "post-mortem right of publicity would vindicate" to some degree this First Amendment interest in "encouragement of effort and creativity," 616 F.2d at 958, App. 4a, was conceded by the court below, *id.*, just as it has been recognized by this Court.[2] Yet the court below dismissed this interest as insufficient to protect petitioner, 616 F.2d at 960, App. 7a-8a, on the basis of that court's doubts about the exact magnitude of the right's motivating effect, *id.* at 958-59, App. 4a-5a, and on the basis of that court's assessment that making fame after death "a common asset to be shared," *id.* at 960, App. 7a, seemed "fairer and more efficient," *id.*, and seemed unlikely to diminish the total "stock or quality of the goods, services, artistic creativity, information, invention, or entertainment." *Id.*

Were federal judges to sit as social engineers in cases such as this, the choice between these alternative ap-

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[2] Giving full enforcement to a right of publicity as a form of property reflects "more than a desire to compensate the performer for the time and effort invested in his act; the protection provides an economic incentive for him to make the investment required to produce a performance of interest to the public. The same consideration underlies the patent and copyright laws long enforced by this Court. . . . These laws perhaps regard the 'reward to the owner [as] a secondary consideration.' *United States v. Paramount Pictures*, 334 U.S. 131, 158, 68 S.Ct. 915, 929, 92 L.Ed. 1260 (1948), but they were 'intended definitely to grant valuable, enforceable rights' in order to afford greater encouragement to the production of works of benefit to the public. *Washington Publishing Co. v. Pearson*, 306 U.S. 30, 36, 59 S.Ct. 397, 400, 83 L.Ed 470 (1939)." *Zacchini v. Scripps-Howard Broadcasting Co., supra*, 433 U.S. at 576-577.

proaches — protecting individual creativity and communication, on the one hand, and subordinating the individual to the community when commercial speech is at stake, on the other — might well be theirs to make. In fact, however, federal judges sit not to design the optimal media market but to enforce applicable law within the bounds of the Constitution. In that light, the choice at issue in this case is one "that the First Amendment makes for [the federal courts]." *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 770 (1976). For even if it be assumed that the First Amendment would not, of its own force, compel recognition of an assignable and devisable right of publicity, the First Amendment surely forbids a federal court to refuse to enforce such an individual right on the ground that the value of the right's devisability in fostering creative expression is outweighed by the moral and economic virtues of a share-and-share-alike approach. Because the court below did precisely that, its judgment merits plenary review and ultimate reversal by this Court.

II.

The Court of Appeals Impermissibly Treated The First Amendment as Undermining Enforcement of a Devisable Right of Publicity.

The court below went beyond subordinating to its preference for a collectivized marketplace of ideas the First Amendment's interest in avoiding the chilling effect of post-mortem piracy. Having mistakenly treated the First Amendment value at stake in survivability as something the court might freely dismiss simply because an alternative scheme "seem[ed] preferable," 616 F.2d at 960, App. 7a, the court then took the equally indefensible step of invoking the First Amendment itself as an affirmative defense for after-death piracy and hence as an obstacle to judicial

recognition and enforcement of any inheritable right of publicity. *Id.* at 959, App. 7a.

In so doing, the court below turned the First Amendment on its head. Whatever might be said of the free speech claims on petitioner's side of this case, *see* Part I *supra*, the free speech clause certainly does not constitute a license to steal an entertainer's act or image — either during his lifetime,[3] or, where the entertainer has "contract[ed] during his life for the commercial use of his image," 616 F.2d at 960, App. 7a, after his death. No more than death converts the First Amendment into a permit for the public to pirate copyrighted material[4] does death transform the freedom of speech into a license for the public to plunder the contractually assigned right of publicity. Whether or not such intellectual grave-robbing itself violates First Amendment values, the proposition that it is actually *supported* by the First Amendment cannot be countenanced. Resting in part upon that very proposition, the decision below should be reviewed by this Court and should, after full briefing and argument, be reversed.[5]

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[3] *See Zacchini, supra; International News Service v. Associated Press*, 248 U.S. 915 (1918) (one news service may be enjoined from pirating the news gathered and reported by another news service); *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184, 1188 (5th Cir. 1979) ("The first amendment is not a license to trammel on legally recognized rights in intellectual property.").

[4] 17 U.S.C. §§ 302, 303, 304.

[5] "[E]ven if the judgment in favor of respondent must . . . be understood as ultimately resting on [Tennessee] law, it appears that at the very least the [court of appeals] felt compelled by what it understood to be Federal Constitutional considerations to construe and apply [Tennessee law] in the manner it did." *Zacchini, supra*, 433 U.S. at 568.

III.

The Conflict Between the Sixth and Second Circuits Over the Role of the First Amendment in This Area Requires Resolution By This Court.

In *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F.Supp. 288 (S.D.N.Y. 1977), *aff'd*, 579 F.2d 215 (2d Cir. 1978), App. 41a, *cert. denied*, 440 U.S. 908 (1979), the United States District Court for the Southern District of New York, in a decision affirmed by the United States Court of Appeals for the Second Circuit, held that a third party's post-mortem commercial exploitation of Elvis Presley's likeness "was not privileged" in "the First Amendment sense." *Id.* at 222, App. 53a. The facts of that case are identical to those here in all relevant respects.[6] Accordingly, the Sixth Circuit recognized that its holding conflicted with that of the Second Circuit. 616 F.2d at 958 & n.2, App. 3a & n.2.[7]

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[6] Defendant Pro Arts, Inc., had purchased the copyright in a photograph of Elvis Presley from a staff photographer of the Atlanta (Georgia) *Journal* and three days after Presley's death published a poster using that photograph and filed an application for registration of copyright in connection therewith. The poster was entitled "IN MEMORY" and, below the photograph of Elvis Presley, bore the dates "1935-1977". On the same date that the poster was published, Pro Arts, Inc., began to market it. 579 F.2d at 217, App. 43a.

Petitioner instituted a diversity action for injunctive and monetary relief against Pro Arts, Inc., in the Southern District of New York, which issued a preliminary injunction restraining Pro Arts, Inc., during the pendency of that action from manufacturing, selling or distributing any more copies of the poster in question or any other posters, reproductions or copies containing any likeness of Elvis Presley and from utilizing for commercial profit in any manner or form the name or likeness of Elvis Presley. On appeal, the Second Circuit Court of Appeals affirmed.

[7] On July 29, 1980, after this Court had denied certiorari in *Factors, Etc. Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir.), *cert. denied*, 440 U.S. 908 (1979), the United States District Court for the Southern District of New York granted petitioner's summary judgment motion for a permanent injunction prohibiting defendants therein from marketing Presley memorabilia and an order directing

This conflict, it must be stressed, traces not to any discernible difference between the protections that Tennessee, in the Sixth Circuit, and New York, in the Second Circuit,

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that further proceedings be held to determine damages. App. 54a. In response to petitioner's summary judgment motion, defendant asked the district court to adopt the position taken by the Sixth Circuit in the decision below. 616 F.2d 956 (6th Cir. 1980), App. 59a. The district court concluded that, even if its decision "is contrary to the conclusions reached by the Sixth Circuit . . . it conforms to the view firmly stated by the Second Circuit and rests upon a careful consideration of relevant cases and competing policy concerns. *See generally,* Felcher & Rubin, *The Descendibility of the Right of Publicity: Is There Commercial Life After Death?,* 89 Yale L.J. 1125, 1129-32 (1980); Felcher & Rubin, *Privacy, Publicity and the Portrayal of Real People by the Media,* 88 Yale L.J. 1577, 1618-22 (1979); Note, *The Right of Publicity – Protection for Public Figures and Celebrities,* 42 Brooklyn L. Rev. 527, 541-49 (1976); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild,* 22 U.C.L.A. L. Rev. 1103 (1975). The Court therefore adheres to its . . . initial determination that, in the word of the Second Circuit, 'Factors possesses the exclusive right to print and distribute Elvis Presley memorabilia, a right which was validly transferred to it from Boxcar following Presley's death.' 579 F.2d at 222." App. 60a-61a.

The district court expressly rejected the argument of Pro Arts, Inc. that the publication of its poster was protected by the First Amendment. While observing that its initial decision on the preliminary injunction motion as well as the affirmance thereof by the Second Circuit had not expressly upheld that claim, the district court concluded that its prior decision, and the Second Circuit's affirmance thereof, "[have] fully addressed and rejected the defendants' constitutional claim. Upon reconsidering the arguments made in the first round of this litigation, the Court adheres to its initial position that '[t]here is no constitutional protection for selling posters of Elvis Presley as Elvis Presley.' 444 F. Supp. at 285. This view was unequivocally affirmed by the Second Circuit, which stated 'that Pro Arts' poster of Presley was not privileged as celebrating a newsworthy event.' 579 F.2d at 222. While the right of publicity may have to yield to the First Amendment under certain circumstances, no constitutional privilege exists on the facts of this case. *See Zacchini v. Scripps-Howard Broadcasting Co., supra,* 433 U.S. at 578-79." App. 78a.

have chosen to extend to the activities challenged by petitioner as infringements in those two states. It is not as though Tennessee, like California in *Pruneyard Shopping Center v. Robbins,* 100 S.Ct. 2035, 2040 (1980), and unlike New York here, has adopted in its own law liberties for trespassing or infringing expression that are more expansive than the liberties conferred by the First Amendment. Were that the case, the resulting obstacle to petitioner's search for a uniform nationwide market might be but the necessary corollary of a system with fifty distinct sovereigns. Instead, the conflict complained of here and the chaos petitioner seeks to avoid trace to a difference between circuits on *what the First Amendment itself signifies* for the right of publicity: In the Sixth Circuit, but not in the Second, the First Amendment is now an obstacle to post-mortem enforcement of that Tennessee-created right.

This Court has found it intolerable even for Fifth and Fourteenth Amendment restrictions on matters as localized as police interrogation to vary from state to state. *See Oregon v. Hass,* 420 U.S. 714, 719 (1975). It is still less tolerable, surely, for the existence of a First Amendment privilege to pirate a dead performer's name and face to vary from circuit to circuit. If there is any matter on which this must be "one nation, indivisible," it is the reach and meaning of the First Amendment, particularly as applied to national commerce in the fruits of national fame. To achieve that minimum of nationwide uniformity among the circuits, this Court should grant certiorari.

IV.

By Permitting the Public to Exploit a Deceased Celebrity's Exclusive Right Under State Law to the Commercial Use of His Name and Likeness, Assigned During the Celebrity's Life and Purchased From His Assignee Upon His Death, the

Court Below Destroyed Both Petitioner's Investment and the Financial Benefits Accruing to the Celebrity's Heirs and Thereby Took Property Without Just Compensation.

That the applicable body of state law conferred upon Elvis Presley a "right of publicity," 616 F.2d at 958 n.1, App. 3a n.1 — "an exclusive legal right during life to control and profit from the commercial use of [his] name and personality," *id.* at 957, App. 1a — is a proposition accepted by all,[8] including the court below. Nor is there any dispute over the proposition that this exclusive right was validly assignable, and was in fact validly assigned in 1974, three years prior to Presley's death, to Boxcar in exchange for a

[8] The existence of an enforceable, assignable right of publicity on facts such as these is universally conceded. *See, e.g., Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977); *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir.), *cert. denied*, 440 U.S. 908 (1979); *Ali v. Playgirl, Inc.*, 447 F. Supp. 723 (S.D.N.Y. 1978); *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977); *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (App. Div. 1977); *Rosemont Enterprises, Inc. v. Urban Systems, Inc.*, 72 Misc.2d 788, 340 N.Y.S.2d 144 (Sup. Ct.), *aff'd as modified*, 42 A.D.2d 544, 345 N.Y.S.2d 17 (App. Div. 1973); *Grant v. Esquire, Inc.*, 367 F. Supp. 876 (S.D.N.Y. 1973); *Uhlaender v. Hendricksen*, 316 F. Supp. 1277 (D. Minn. 1970); *Cepeda v. Swift & Co.*, 415 F.2d 1205 (8th Cir. 1969); *McQueen v. Wilson*, 117 Ga. App. 488, 161 S.E.2d 63 (Ct. App.), *rev'd on other grounds*, 224 Ga. 420, 162 S.E.2d 313 (1968); *Canessa v. J. I. Kislak, Inc.*, 97 N.J. Super. 327, 235 A.2d 62 (Super. Ct. Law Div. 1967); *Hogan v. A. S. Barnes & Co., Inc.*, 114 U.S.P.Q. 314 (Pa. Ct. C.P. 1957) (discussed in Note, *The Right of Publicity – Protection for Public Figures and Celebrities*, 42 Brooklyn L. Rev. 527, 535-536 (1976)); *Ettore v. Philco Broadcasting Corp.*, 229 F.2d 481 (3d Cir.), *cert. denied*, 351 U.S. 926 (1956); *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied* 346 U.S. 816 (1953); *U.S. Life Ins. Co. v. Hamilton*, 238 S.W.2d 286 (Tex. Ct. App. 1951); *O'Brien v. Pabst Sales Co.*, 124 F.2d 167, 170 (5th Cir.) (E. Holmes, J., dissenting), *cert. denied*, 315 U.S. 823 (1942); *Munden v. Harris*, 153 Mo. App. 652, 134 S.W. 1076 (Ct. App. 1911); *Edison v. Edison Polyform Manufacturing Co.*, 73 N.J. Eq. 136, 67 A. 392 (Ch. 1907).

share of the royalties realized by Boxcar upon exploitation of Presley's likeness and name. *Id.*

That Boxcar's exclusive rights, however denominated,[9] would in turn survive the death of Elvis Presley as the beneficiary of an income interest in those rights — so that Presley's heirs would benefit from such royalty income, and so that Factors, as Boxcar's assignee, would not lose the $150,000 for which it had purchased the license to use Boxcar's rights shortly after Presley's death — not only was the subjective expectation of the parties and the objective entailment of the logic underlying the right of publicity,[10] but was also the clear implication of virtually all of the relevant decisions from other jurisdictions,[11] and of the few

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[9] "Whether [the right of publicity] be labelled a 'property' right is immaterial; for here, as often elsewhere, the tag 'property' simply symbolizes the fact that courts enforce a claim which has pecuniary worth." *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816 (1953), quoted in *Factors Etc., Inc., v. Pro Arts, Inc., supra*, 579 F.2d at 220-21, App. 50a.

[10] "The death of Presley, who was simply a beneficiary of an income interest in Boxcar's exclusive right, can not in itself be deemed to have extinguished Boxcar's property right. Instead, the income interest, continually produced from Boxcar's exclusive right of commercial exploitation, must be deemed to have inured to Presley's estate at death like any other intangible property right. To hold that the right did not survive Presley's death, would be to grant competitors of Factors, such as Pro Arts, a windfall in the form of profits from the use of Presley's name and likeness. At the same time, the exclusive right purchased by Factors and the financial benefits accruing to the celebrity's heirs would be rendered virtually worthless." *Factors Etc., Inc. v. Pro Arts, Inc., supra*, 579 F.2d at 221, App. 51a.

[11] *See, e.g. Factors Etc., Inc. v. Pro Arts, Inc., supra*, 444 F. Supp. 288 (S.D.N.Y. 1977), *aff'd*, 579 F.2d at pp. 221-222; *Factors Etc., Inc. v. Creative Card Co., supra*, 444 F. Supp. at 284 (S.D.N.Y. 1977); *Price v. Hal Roach Studios, Inc., supra*, 400 F. Supp. at 844; *Hicks v. Casablanca Records*, 464 F. Supp. 426, 430 (S.D.N.Y. 1978).

This result has been approved by numerous legal commentators. *See, e.g.*, Note, *Lugosi v. Universal Pictures, Descent of a Right of*

analogous decisions of Tennessee courts.[12]

Not surprisingly, therefore, the district court in this case, *Memphis Development Foundation v. Factors Etc., Inc.*, 441 F.Supp. 1323, 1330 (W.D. Tenn. 1977), App. 22a, found no basis for supposing that the rights in question, having been recognized by and assigned in accord with the law of Tennessee, would suddenly be extinguished by operation of Tennessee law upon Presley's death, and the Sixth Circuit panel that affirmed the district court's preliminary injunction order found in that order no fatal error of law. 578 F.2d 1381 (6th Cir. 1978), App. 27a.

When the Sixth Court panel in the decision below abruptly changed course and took the wholly unpredictable

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Publicity, 29 Hastings L.J. 751 (1978); Note, *The Right of Publicity – Protection for Public Figures and Celebrities*, 42 Brooklyn L. Rev. 527 (1976); Note, *Why Not a Relational Right of Privacy – or Right of Property?*, 42 Mo. Kansas City L. Rev. 175 (1973); Sobel, *Count Dracula and the Right of Publicity*, 47 L.A. Bar Bull. 373 (1972); Donenfeld, *Property or Other Rights in the Names, Likenesses or Personalities of Deceased Persons*, 16 Bull. Copyright Soc'y 17 (1968); *See also Lugosi v. Universal Pictures, supra*, 25 Cal. 3d at 844-849, 160 Cal. Rptr. at 342-346, 603 P.2d at 444-448 (1979) (Bird, C. J., dissenting).

[12] As the district court in this case noted, Tennessee courts had recognized a special property right in a name utilized commercially during decedent's lifetime and inherited by the decedent's widow who was entitled to the exclusive use both of the name and of the goodwill attendant thereto even after the owner's death. 441 F. Supp. at 1330, citing *Robinson v. Robinson's, Inc.*, 9 Tenn. App. 103 (Ct. App. 1929), App. 22a. Given the many reported Tennessee cases exalting as "absolute" the right "to acquire, to hold, to enjoy, to alien, to devise and to transmit property by inheritance," *The Stratton Claimants v. The Morris Claimants*, 89 Tenn. 97, 514, 15 S.W. 87, 90 (1891), and holding such intangible rights as goodwill to be fully assignable and descendible, *Bradford & Carson v. Montgomery Furniture Co.*, 115 Tenn. 610, 618, 92 S.W. 1104, 1106, (1915), and *Robinson, supra*, no one could have supposed that the right of publicity, recognized as a valued and exclusive interest under Tennessee law, would die with the celebrity whose fame has been assigned.

step of declaring the exclusive rights at issue to be at an end, 616 F.2d at 958, App. 4a, an arm of the federal government appropriated for public use a state-created property right which had, until that very moment, been unmistakably private. Such a taking, without just compensation, violates the Fifth Amendment — however reasonable might be the conclusion that the right in question *ought* to become a public asset, shared by all, once the celebrity has died. *Kaiser Aetna v. United States*, 444 U.S. 164 (1979); *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579 (1952). If the public's gain from such appropriation suffices to justify the taking, the just compensation clause requires the public to *pay* for what it has obtained. *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393, 415-16 (1922).

This principle is no less valid when the taking is effected by a novel interpretation "through [the] courts than [by a novel enactment] through [the] legislature, and no less [valid] when [the] taking is unintended, than when it is deliberate." *Hughes v. Washington*, 389 U.S. 290, 298 (1967) (Stewart, J., concurring). Nor can the principle's force be avoided or diminished "by the simple device of asserting retroactively that the property [the court] has taken never existed [as an inheritable interest] at all." *Id.* at 296-97. At the very least, it is "a federal question for the determination of this Court," *id.* at 297, whether the ruling below "worked an unpredictable change in state law." *Id.* And where, as here, all signs in state law pointed toward protection that would survive the celebrity's death, the answer to that federal question seems so likely to cut against the decision below that plenary review by this Court surely seems warranted.

CONCLUSION

The court below sought to answer "the interesting question: Who is the heir of fame?" 616 F.2d at 957, App. 1a, as though the First Amendment cut against allowing the exclusive right of publicity to survive a celebrity's death, and as though the matter were in all other respects controlled by moral philosophy and economic theory rather than by preexisting rules of law. By giving the First Amendment an interpretation flatly contrary to that of the Second Circuit and an interpretation hard to square with settled free speech doctrine, the Sixth Circuit Court of Appeals left matters in a posture clearly calling for this Court's review. Moreover, by freely extinguishing property claims on grounds not even remotely suggested by any applicable source of law, the court below took property for public use — without paying to do so. The wisdom or folly of the underlying appropriation — of "nationalizing" celebrity at death — is utterly beside the point here: However reasonable and even necessary such a step might be, confiscation must be followed by compensation if it is to be constitutional. For this reason, and for all of the fore-

going reasons, Factors Etc., Inc., prays that this petition for writ of certiorari be granted.

Respectfully submitted,

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No. 79-1270

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

MEMPHIS DEVELOPMENT FOUNDATION, *Plaintiff-Appellant,* v. FACTORS ETC., INC., *Defendant-Appellee.*	ON APPEAL from the United States District Court for the Western District of Tennessee.

Decided and Filed March 6, 1980.
[Reported at 616 F.2d 956 (6th Cir. 1980)]

Before: WEICK and MERRITT, Circuit Judges; CECIL, Senior Circuit Judge.

MERRITT, Circuit Judge. This appeal raises the interesting question: Who is the heir of fame? The famous have an exclusive legal right during life to control and profit from the commercial use of their name and personality. We are called upon in this diversity case to determine whether, under Tennessee law, the exclusive right to publicity survives a celebrity's death. We hold that the right is not inheritable. After death the opportunity for gain shifts to the public domain, where it is equally open to all.

I.

Elvis Presley died in Memphis on August 16, 1977. To honor him, the Memphis Development Foundation, a Tennessee non-profit corporation, laid plans to erect a large bronze statue of Presley in downtown Memphis. The Foundation solicited public contributions to pay for the sculp-

ture. Donors of $25 or more received an eight-inch pewter replica of the proposed statue from the Foundation.

The District Court held that the heirs and assigns of Presley retained his exclusive right of publicity after his death. It held that the exclusive right to exploit Elvis Presley's name and likeness currently belongs to Factors Etc., Inc., the assignee of Elvis Presley's "right of publicity." The District Court thus enjoined further distribution of the replicas by the Foundation.

Prior to his death, Presley had conveyed the exclusive right to exploit the commercial value of his name and likeness to Boxcar Enterprises in exchange for royalties. Colonel Tom Parker, Presley's manager, was the majority shareholder of Boxcar. Parker owned 56% of the shares; Presley and Tom Dishkin, President of Boxcar, each owned 22%. Two days after Presley's death, Boxcar sold a license to use its rights to Factors for $150,000. Presley's father agreed to the sale on behalf of Elvis' estate.

The Foundation instituted this action seeking a declaratory judgment that Factors' license does not preclude distribution by the Foundation of the pewter replicas and that the Foundation has the right to erect the Presley statue.

Factors in turn by counterclaim seeks damages and an injunction against further distribution of the replicas by the Foundation. Factors claims that the Foundation is selling the statuettes for $25 apiece, and thus appropriating Factors' exclusive right to reap commercial value from the name and likeness of Elvis Presley.

The District Court issued an injunction against the Foundation. The injunction allows the Foundation to build the Presley memorial but prohibits it from manufacturing, selling or distributing any statuette bearing the image or likeness of Elvis Presley, or utilizing commercially in any manner or form the name, image, photograph or likeness of Elvis Presley.

II.

At common law, there is a right of action for the appropriation or unauthorized commercial use of the name or likeness of another. An individual is entitled to control the commercial use of these personal attributes during life.[1] But the common law has not heretofore widely recognized this right to control commercial publicity as a property right which may be inherited. *See* W. PROSSER, HANDBOOK OF THE LAW OF TORTS § 117, at 804, 815 (4th Ed. 1971).

Recently, a few cases have characterized the right of publicity as property which may be passed on to heirs or assigns.[2] In addition, a recent law journal article advocates recognition of such a right after death where a person has exploited his fame during life by assigning it to an agent or otherwise entering into a contract for its use. The theory is that the law should recognize that "the possibility of providing for one's heirs may have a motivational effect during one's life." Assignment during life is the touchstone

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[1] Courts have recognized that the right of publicity exists independently of the right of privacy. *See, e.g.,* Ettore v. Philco Television Broadcasting Corp., 229 F.2d 481 (3d Cir.), *cert. denied,* 351 U.S. 926 (1956); Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir.), *cert. denied,* 346 U.S. 816 (1953); Nimmer, *The Right of Publicity,* 19 LAW & CONTEMP. PROB. 203 (1959).

[2] *E.g.,* Factors Etc., Inc. v. Pro Arts, Inc., 579 F.2d 215, 221-222 (2d Cir. 1978), *cert. denied,* 440 U.S. 908 (1979) (Elvis Presley's right of publicity survived his death because exploited contractually during his life); Hicks v. Casablanca Records & Filmworks, 464 F. Supp., 426, 429-30 (S.D. N.Y. 1978) (Agatha Christie's right of publicity was devisable because exploited during her life); Price v. Hal Roach Studios, Inc., 400 F. Supp. 836, 844 (S.D. N.Y. 1975) ("no logical reason" to terminate exclusiveness of Laurel and Hardy's right of publicity upon death); Note, *The Right of Publicity – Protection for Public Figures and Celebrities,* 42 BROOKLYN L. Rev. 527, 541-49 (1976); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild,* 22 U.C.L.A. REV. 1103 (1975).

because "if no contract has been created, the identification of . . . harm is . . . difficult" and evidently "such concerns were not a substantial motivation." The article thus distinguishes between "the unrealized *potential* ability of a person to profit from his attributes," an interest insufficient to establish an inheritable right, and the conscious exploitation of the right during life, the continuation of which after death fulfills "the social policy of encouraging individual creativity." Felcher & Rubin, *Privacy, Publicity, and the Portrayal of Real People by the Media,* 88 YALE L. J. 1577, 1618-19 (1979).

Tennessee courts have not addressed this issue directly or indirectly, and we have no way to assess their predisposition. Since the case is one of first impression, we are left to review the question in the light of practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability and economic opportunity. These considerations lead us to conclude that the right of publicity should not be given the status of a devisable right, even where as here a person exploits the right by contract during life.

III.

Recognition of a post-mortem right of publicity would vindicate two possible interests: the encouragement of effort and creativity, and the hopes and expectations of the decedent and those with whom he contracts that they are creating a valuable capital asset. Although fame and stardom may be ends in themselves, they are normally by-products of one's activities and personal attributes, as well as luck and promotion. The basic motivations are the desire to achieve success or excellence in a chosen field, the desire to contribute to the happiness or improvement of one's fellows and the desire to receive the psychic and financial

rewards of achievement. As John Rawls has written, such needs come from the deep psychological fact that the individuals want the respect and good will of other persons and "enjoy the exercise of their realized capacities (their innate or trained abilities), and this enjoyment increases the more the capacity is realized, or the greater its complexity." (Footnote omitted.) According to Rawls:

> [Such] activities are more enjoyable because they satisfy the desire for variety and novelty of experience, and leave room for feats of ingenuity and invention. They also evoke the pleasures of anticipation and surprise, and often the overall form of the activity, its structural development, is fascinating and beautiful. *A Theory of Justice* 426-27 (1971).

Fame is an incident of the strong motivations that Rawls describes. The desire to exploit fame for the commercial advantage of one's heirs is by contrast a weak principle of motivation. It seems apparent that making the right of publicity inheritable would not significantly inspire the creative endeavors of individuals in our society.

IV.

On the other hand, there are strong reasons for declining to recognize the inheritability of the right. A whole set of practical problems of judicial line-drawing would arise should the courts recognize such an inheritable right. How long would the "property" interest last? In perpetuity? For a term of years? Is the right of publicity taxable? At what point does the right collide with the right of free expression guaranteed by the first amendment? Does the right apply to elected officials and military heroes whose fame was gained on the public payroll, as well as to movie stars, singers and athletes? Does the right cover posters or engraved likenesses of, for example, Farah Fawcett Majors or Mahatma Gandhi, kitchen utensils ("Revere Ware"),

insurance ("John Hancock"), electric utilities ("Edison"), a football stadium ("RFK"), a pastry ("Napoleon"), or the innumerable urban subdivisions and apartment complexes named after famous people? Our legal system normally does not pass on to heirs other similar personal attributes even though the attributes may be shared during life by others or have some commercial value. Titles, offices and reputation are not inheritable. Neither are trust or distrust and friendship or enmity descendible. An employment contract during life does not create the right for heirs to take over the job. Fame falls in the same category as reputation; it is an attribute from which others may benefit but may not own.

The law of defamation, designed to protect against the destruction of reputation including the loss of earning capacity associated with it, provides an analogy. There is no right of action for defamation after death. *See* RESTATEMENT (SECOND) OF TORTS § 560 (rev. ed. 1977). The two interests that support the inheritability of the right of publicity, namely, the "effort and creativity" and the "hopes and expectations" of the decedent, would also support an action for libel or slander for destruction of name and reputation after death. Neither of these reasons, however, is sufficient to overcome the common law policy terminating the action for defamation upon death.

Fame often is fortuitous and fleeting. It always depends on the participation of the public in the creation of an image. It usually depends on the communication of information about the famous person by the media. The intangible and shifting nature of fame and celebrity status, the presence of widespread public and press participation in its creation, the unusual psychic rewards and income that often flow from it during life and the fact that it may be created by bad as well as good conduct combine to create serious reservations about making fame the permanent right of a few indi-

viduals to the exclusion of the general public. Heretofore, the law has always thought that leaving a good name to one's children is sufficient reward in itself for the individual, whether famous or not. Commercialization of this virtue after death in the hands of heirs is contrary to our legal tradition and somehow seems contrary to the moral presuppositions of our culture.

There is no indication that changing the traditional common law rule against allowing heirs the exclusive control of the commercial use of their ancestor's name will increase the efficiency or productivity of our economic system. It does not seem reasonable to expect that such a change would enlarge the stock or quality of the goods, services, artistic creativity, information, invention or entertainment available. Nor will it enhance the fairness of our political and economic system. It seems fairer and more efficient for the commercial, aesthetic, and political use of the name, memory and image of the famous to be open to all rather than to be monopolized by a few. An equal distribution of the opportunity to use the name of the dead seems preferable. The memory, name and pictures of famous individuals should be regarded as a common asset to be shared, an economic opportunity available in the free market system.

These same considerations also apply to the Presley assigns' more narrow argument based on the fact that Presley entered into contracts during his life for the commercial use of his image. It is true that the assignment of the right of publicity during life shows that Presley was aware of the value of the asset and intended to use it. The assignment also suggests that he intended to convert a mere opportunity or potential for profit into a tangible possession and consciously worked to create the asset with, perhaps, the hope of devising it.

The question is whether the specific identification and use of the opportunity during life is sufficient to convert it into an inheritable property right after death. We do not think

that whatever minimal benefit to society may result from the added motivation and extra creativity supposedly encouraged by allowing a person to pass on his fame for the commercial use of his heirs or assigns outweighs the considerations discussed above.

Accordingly, the judgment of the District Court is reversed and the case is remanded for further proceedings consistent with the principles announced above.

No. 77-2545.

IN THE
UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

MEMPHIS DEVELOPMENT FOUNDATION,

Plaintiff,

v.

FACTORS ETC., INC.,

Defendant.

December 5, 1977.
[Reported at 441 F.Supp. 1323 (W. D. Tenn. 1977)]

MEMORANDUM OPINION

WELLFORD, District Judge.

Plaintiff is a Tennessee "not for profit" corporation, and has sued defendant in this diversity action, a Delaware corporation, relative to the right to advertise and promote a statue of the late Elvis Presley. Elvis Presley, a resident of Memphis, died on August 16, 1977, and shortly thereafter plaintiff, in an effort to memoralize him, commissioned one Erick Parks to design and cast a bronze statue of Presley, which would be erected in his home city, Memphis. To finance the projected $200,000 cost of the project, plaintiff announced its intention to give eight-inch pewter replicas of the bronze statue to persons who contribute $25.00 or more to plaintiff. Plaintiff projects that advertisement expenses will exceed $10,000 for the project.[1]

Early in his career that brought him fame and fortune, Presley granted to Col. Tom Parker the exclusive right to

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[1] The effort was made without specific prior approval of Memphis City officials or its Chamber of Commerce.

market his name, picture, image, likeness and personality. These rights were in fact developed and marketed through various licensing arrangements. In 1974, Parker and Presley transferred all of these "commercial Elvis Presley rights" to Boxcar, Inc., a Tennessee corporation, which thereafter was the exclusive entity through which said rights were marketed.

On August 18, 1977, following his death, Boxcar granted, by written agreement, to defendant, the exclusive right to market the commercial Elvis Presley rights throughout the world upon payment to Boxcar of $100,000 against a guarantee of $150,000. Vernon Presley signed the agreement as executor of the Elvis Presley estate and the representative of Presley's share of Boxcar. Defendant has begun marketing under this agreement, through licensing arrangements, Elvis Presley novelty items, among which are pewter statuettes of Elvis in three castings, expressly approved by Parker and Vernon Presley.

Plaintiff alleges that defendant has taken steps to interfere with plaintiff's attempts to solicit contributions in return for the statuettes it intended to distribute and seeks to restrain such interference. Both parties agree that the fleeting nature of the market for novelties following Elvis' death requires a swift determination of defendant's claim to the exclusive marketing rights of Presley's name and likeness.

Although there are assertions of antitrust violation and claims and cross-claims for damages involved, there is a central and crucial issue of law to be decided which will determine the rights of the parties in this litigation. Basically the plaintiff contends that the right to capitalize, to exploit and to publicize the name and reputation of Elvis Presley (and particularly by statue or replica) terminated at his death. Plaintiff therefore takes the position that it had a right after his death, free from interference, to use a

commissioned statue of Presley to raise money for a public, non-profit purpose. Plaintiff contends it had to seek no approval or permission from anyone connected with Presley or his estate because the right to exploit the name and image or any publicity in connection with Elvis Presley was personal to him only and expired with him.

Defendant, on the other hand, takes the opposite position that the right of publicity and use of Elvis Presley's name and reputation and incidents thereof survives, particularly under the circumstances here which are not substantially in dispute. There is no question but that Elvis Presley enjoyed national and even worldwide fame as a singer, performer, actor and entertainer. He enjoyed the full benefits of the commercial use and exploitation of his name and fame during his lifetime, aided by and through an experienced business manager. Extensive efforts for his benefit were made during his lifetime under an exclusive right given by him to use and exploit commercially the Presley attributes which were well-known and valuable. The rights were restricted during his lifetime to authorized persons subject to royalties. The question now is: can an exclusive assignment to this same effect be valid and enforceable after Presley's death? If it can be, then defendant will prevail as a matter of law.

The parties have briefed and argued their respective positions thoroughly and have been of assistance to the Court in an area embodying a relative paucity of reported decisions.[2]

[2] There is no reported case in Tennessee dealing with this question.

PLAINTIFF'S CONTENTIONS:

A. The right to exploit the name and likeness is a branch of the common law right of privacy.

Prosser in his *Handbook of the Law of Torts* (3d ed. 1964) discusses four distinct kinds of invasion of four separate rights "encompassed with the law of privacy." The last one discussed by Dean Prosser is appropriating for another's benefit the name or likeness of a person. This is also the separate subject of reference in *Restatement of Torts* (2d), § 652C (Tentative draft 1967). Plaintiff, however, acknowledges that this fourth area, distinct from other invasions of privacy, is also termed a "right of publicity." See *Zacchini v. Scripps-Howard,* 47 Ohio St.2d 224, 351 N.E.2d 454 (1976), *rev'd. on other grounds,* ____ U.S. ____, 97 S.Ct. 2849, 53 L.Ed.2d 965 (1977) and *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.,* 202 F.2d 866 (2d Cir. 1953). The former sets out that "the 'privacy' which the performer seeks is personal control over commercial display and exploitation of his personality." 351 N.E.2d at 459. Plaintiff concedes that this has also been characterized a "property right," citing *Cepeda v. Swift & Co.,* 415 F.2d 1205 (8th Cir. 1969) and *Uhlaender v. Henricksen,* 316 F.Supp. 1277 (D.Minn. 1970), but plaintiff contends its proper description is that of a "proprietary right." See *Motschenbacher v. R. J. Reynolds Tobacco Co.,* 498 F.2d 821 (9th Cir. 1974). This case, however, also notes that other courts have recognized and protected a so-called "right of publicity" under the "rubric of 'property'." 498 F.2d at 825. But, maintains plaintiff, such right of Elvis Presley, however it may be characterized by these (or other) cases, to the commercial use of his name and likeness is not an inheritable right.

B. The right of publicity is not a "property right" and is not inheritable.

Several cases are relied upon by plaintiff that deal with the tax treatment of the right of publicity. *Miller v. Commissioner, Internal Revenue,* 299 F.2d 706 (2d Cir. 1962) involved a proceeding by Glenn Miller's widow contesting the treatment of income received by her many years after his death under an exclusive contract with a motion picture producer to produce "The Glenn Miller Story". The "specific question dividing the parties related to the meaning of the term 'capital asset' " in that case. 299 F.2d at 708. The court found that Mrs. Miller did not establish the payment to her to be for a capital asset[3], that it was not such "property" under the Internal Revenue Code as would qualify for capital gains treatment, because "not everything that can be called property in the ordinary sense and which is outside the statutory exclusions qualifies as a capital asset." 299 F.2d at 710-11. Plaintiff apparently relies upon the discussion in that case questioning whether "such a property right, if it existed, could pass to the sole beneficiary under his will" (299 F.2d at 709) and the conclusion that no such "capital asset property" came into existence after Miller's death. The second case, *Damon Runyon, Jr. v. United States,* 281 F.2d 590 (5th Cir. 1960) reached a similar result on a New York contract made after Damon Runyon's death for a motion picture of his life and for the portrayal of the taxpayer himself therein. The court noted in the latter case a failure of the taxpayer to prove any legal right in himself to his father's life story; the taxpayer was not entitled to capital gains treatment on the payment received because New York statutory law on the "right of privacy" applied "only to a living person." 281 F.2d at 592. The court added, however, that "even

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[3] Elsewhere in the *Miller* decision, the Court acknowledged that the definition of the term, "capital asset", must be "narrowly applied." 299 F.2d at 711.

though the taxpayer had a property right in the name and story of his father's life, there was nevertheless no sale of it."

Other cases relied upon by plaintiff, *Maritote v. Desilu Productions,* 345 F.2d 418 (7th Cir. 1965); *James v. Screen Gems, Inc.,* 174 Cal.App.2d 650, 344 P.2d 799 (1959); and *Schumann v. Lowe's, Inc.* 135 N.Y.S.2d 361 (Supp. 1954) involved actions brought many years after the death of notorious or famous persons by a personal representative or kin asserting invasion of privacy on one hand causing mental suffering, and in others, misappropriation of a name. These cases held that such a right of privacy, as asserted, in the name or reputation of Al Capone or Jesse James was personal to them, and in the *Schumann* case that there was not demonstrated a right of inheritance or assignment shown.[4] These latter cases do not really address the issue here in controversy; the relatives were contending about a filmed presentation of the life or activities of a person long deceased. There was no claim that a recent effort or action was asserted after death to pursue any right of publicity for commercial ends which was initiated, recognized and utilized during lifetime of the personages involved by any plaintiff. "Comment, fictionalization, and even distortion of a dead man's career do not invade the privacy of his offspring, relatives, or friends." *Maritote, supra,* 345 F.2d at 420. The basic complaint in these cases (except *Schumann*) was humiliation from false and distorted stories about the deceased. That is an entirely different area of the law of privacy and would likely under the authorities go to the grave with the deceased.

Plaintiff here also relies on *Lugosi v. Universal Pictures,* 139 Cal.Rptr. 35 (Cal.App. 1977), a case now on appeal to

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[4] Robert Schumann died in 1856; Capone in 1947; and the plaintiffs' claim in the Capone (Maritote) case involved a claimed invasion of a right of privacy some 12 years after death.

the Supreme Court of California. That case recognizes a Prosser-described "right of value" upon which a living person such as Bela Lugosi, an actor, can capitalize on his name and reputation by issuing licenses.

> "The tie-up of one's name, face and/or likeness with a business, product or service creates a tangible and saleable product in much the same way as property may be created by one who organizes under his name a business to build and/or sell houses according to a fixed plan or who writes a book, paints a picture or creates an invention."[5] 139 Cal.Rptr. at 37.

The Court further assumes that Lugosi might have so capitalized upon his famous role as Dracula during his lifetime, but

> ". . . whether Lugosi's heirs would have succeeded to such property depends entirely on how it was managed before Lugosi died. Lugosi may have sold the property and spent the consideration before he died, or sold it for installment payments and/or royalties due after his death, in which latter event such payments and/or royalties would, of course, be a part of his estate." 139 Cal.Rptr. at 38.

The California court concluded there was no right in a widow and son, 10 years after his death, to challenge the right of Universal, purportedly under a 36 year old agreement for production of "Dracula," to continue to exploit those film rights which had been assigned by Lugosi during his lifetime. This authority is extremely limited, in any event, because the case is now on appeal.

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[5] Citing *Johnston v. 20th Century Fox Film*, 82 Cal.App.2d 796, 810, 187 P.2d 474. Compare *Guglielmi v. Spelling-Goldberg Prods.*, 140 Cal. Rptr. 775 (Cal.Ct.App.2d, App.Dist.1977).

DEFENDANT'S CONTENTIONS:

A very recent New York case, *Factors, Inc. v. Creative Card Co.*, No. 77 Civ. 4400 CHT (filed 10/12/77), involving this same defendant and another party, decided and filed October 12, 1977, by Judge Charles Tenney, synthesizes defendant's position on the law involved. Defendant here, as plaintiff in that case, sought, successfully, to enjoin the distribution and sale of posters and commercially exploitive souvenir merchandise bearing the likeness of Elvis Presley. The court noted:

> ". . . it seems clear enough, at least for purposes of a preliminary injunction, that Presley gave Parker leave to exploit his image through merchandise and that Boxcar was, in recent years, the vehicle through which such merchandising was carried on."

The court further observed that for twenty years Presley, during his lifetime, dealt with the same people in the commercial utilization and licensing of his name and likeness. That court concluded, after citing three law review articles,[6] that Boxcar had a valuable right to transfer to Factors, a "right of publicity," a concept distinct from but related to traditional notions of the right to privacy because the latter commonly is designated in some fashion as a "right to be let alone," referring again to Professor Prosser in his work on *Torts*. The court stated that:

> "It is evident that courts address intrusions on feelings, reputation and privacy only when an individual has elected not to engage in personal commercialization. By contrast, when a 'persona' is in effect a product, and that product has already been marketed to good advantage,

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[6] *Right of Property in Name, Likeness, Personality and History*, 55 Nw.U.L.Rev. 553 (1960); Nimmer, *The Right of Publicity*, 19 Law & Cont.Prob. 203 (1954); Note, *The Right of Publicity – Protection for Public Figures and Celebrities*, 42 Brook.L.Rev. 527 (1976).

the appropriation by another of that valuable property has more to do with unfair competition than it does with the right to be left alone. *See Ettore v. Philco Television Broadcasting Corp.*, 229 F.2d 481, 490 (3d Cir. 1956); *Uhlaender v. Henricksen*, 316 F.Supp. 1277, 1282 (D. Minn.1970)."

In addition to these authorities, Judge Tenney also cites the United States Supreme Court in *Zacchini v. Scripps-Howard Broadcasting, supra*, ____ U.S. at ____, 97 S.Ct. at 2856, 2857, 53 L.Ed.2d at 974-76, to this effect:

". . . As we later note, the State's interest is closely analogous to the goals of patent and copyright law, focusing on the right of the individual to reap the reward of his endeavors and having little to do with protecting feelings or reputation. . . . An entertainer such as petitioner usually has no objection to the widespread publication of his act so long as he gets the commercial benefit of such publication.

* * * * *

" 'The rationale for [protecting the right of publicity] is the straightforward one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get for free some aspect of the plaintiff that would have market value and for which he would normally pay.' Kalven, *Privacy in Tort Law — Were Warren and Brandeis Wrong?*, 31 Law and Contemporary Problems, 326-31 (1966)."

Other cases cited in *Factors, Inc. v. Creative Card, supra*, which recognize this right of publicity as a "species of property" are: *Cepeda v. Swift & Co., supra; Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D.N.Y.1975); *Sharman v. C. Schmidt & Sons, Inc.*, 216 F.Supp. 401 (E.D.Pa.1963); *cf. Ettore v. Philco Television Broadcasting Corp., supra; O'Brien v. Pabst Sales Co.*, 124 F.2d 167

(5th Cir. 1941) *cert. den.*, 315 U.S. 823, 62 S.Ct. 917, 86 L.Ed. 1220 (1942); *id.* at 170-71 (Holmes, J., dissenting); *Grant v. Esquire, Inc.*, 367 F.Supp. 876 (S.D.N.Y.1973).

The Court then concluded:

> ". . . There is no reason why the valuable right of publicity — *clearly exercised by and financially benefiting Elvis Presley in life* — should not descend at death like any other intangible property right." (emphasis added).

Another judge of the same court had decided the issue in the same fashion in *Price v. Hal Roach Studios, Inc., supra,* a case involving a dispute over commercial rights to the names and likenesses of Stan Laurel and Oliver Hardy after their decease. Again, Judge Stewart of that court recognized the separability of the right of publicity or "appropriation for commercial exploitation" and the classic right of privacy, though at the same time appreciating that the former emanates from the latter. See *Cary Grant v. Esquire, Inc., supra,* (Knapp, J.). The Court in *Price, supra,* holds that there was "such a property right" exercisable by Laurel and Hardy during their lifetimes, that this right did not terminate upon their death, particularly since they had used and promoted that right commercially during their lifetimes:

> ". . . if it is not 'a matter of dispute that plaintiff has a valuable property right in his name, photograph and image and that he may sell these property rights,' *Cepeda v. Swift and Co., supra,* 415 F.2d at 1206, then what policy should operate to cut off his right at death?
>
> "While authorities on the subject appear to be scarce, those considering the question have drawn a distinction between termination of a right to privacy at death and survival of a right of publicity." 400 F.Supp. at 844.

That court examined and distinguished carefully several of the cases cited by plaintiff here, including *Miller v.*

Universal Pictures, 11 A.D.2d 47, 201 N.Y.S.2d 632 *aff'd* 10 N.Y.2d 972, 224 N.Y.S.2d 662, 180 N.E.2d 248 (1961) (no property interest in the Glenn Miller "sound") and *Lugosi v. Universal Pictures, supra.*[7]

Price also decided that federal laws do not preempt state action in the realm of state protection of a right of publicity, nor could it be inferred that states could not grant protection in the nature of copyright laws.[8] The court concluded, then, that the right of publicity did not terminate upon the death of Laurel and Hardy and that an unauthorized exploitation could be enjoined by their estates on the basis of an unjust enrichment and wrongful appropriation of a valuable right (despite a movie copyright claimed by defendant).

Defendant, and the two New York cases above discussed in some detail, rely on a number of cases to the effect that Presley himself possessed a valuable and exclusive right to market his name and likeness. Perhaps the leading case to that effect is *Haelan Laboratories v. Topps Chewing Gum,* 202 F.2d 866 (2d Cir.), *cert. den.* 346 U.S. 816, 74 S.Ct. 26, 98 L.Ed. 343 (1953), which clearly recognizes and discusses the "right of publicity" as distinguished from the traditional ideas of the right of privacy.

> ". . . We think that, in addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, *i.e.,* the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made 'in gross,' *i.e.,* without an accompanying

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[7] "The present case is easier to decide than *Lugosi* since we deal here with actors portraying themselves and developing their own characters rather than fictional characters which have been given a particular interpretation by an actor." 400 F.Supp. at 845.

[8] See *Goldstein v. California,* 412 U.S. 546, 93 S.Ct. 2303, 37 L.Ed.2d 163 (1972).

transfer of a business or of anything else. Whether it be labelled a 'property' right is immaterial; for here, as often elsewhere, the tag 'property' simply symbolizes the fact that courts enforce a claim which has pecuniary worth.

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". . . This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their pictures." 202 F.2d at 866-68.

To the same effect in the case of Orlando Cepeda, this "valuable property right in his name and image" was recognized. *Cepeda v. Swift & Co., supra* at 1206. See also *Uhlaender v. Henricksen, supra,* and *Booth v. Curtis Pub. Co.,* 11 N.Y.2d 907, 228 N.Y. S.2d 468, 182 N.E.2d 812 (1962). *Ettore v. Philco Television,* 229 F.2d 481, 487 (3d Cir. 1956) also found "recognition of a kind of property right in the performer," which might be limited or marketed by the performer (in that case a boxer), and that unauthorized use was akin to unfair competition, citing *Fred Waring v. WDAS,* 327 Pa. 433, 194 A. 631 (1937). See also *Rosemont Enterprises v. Urban Systems, Inc.,* 72 Misc.2d 788, 340 N.Y.S.2d 144 (1973) and *Hogan v. Barnes,* 144 U.S.P.Q. 314 (1957).

LAW TO BE APPLIED:

Tennessee courts have protected intangible property rights in instances involving unauthorized use of a trade name and unlawful interference with commercial good will.[9] The United States Supreme Court has recognized that a state's interest in protecting an intangible property such as the proprietary interest of an individual in his act or per-

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[9] *Sanford-Day Iron Works v. Interprise Foundry,* 138 Tenn. 437, 198 S.W. 258 (1917); *Bradford & Carson v. Montgomery Furn. Co.,* 115 Tenn. 610, 92 S.W. 1104 (1905).

formance to prevent unjust enrichment is somewhat akin to patent and copyright protection. *Zacchini v. Scripps-Howard, supra.*

This Court must endeavor in the absence of any decision on this issue of the survival after death of a right of publicity to ascertain from all the available information the general or majority rule on the issue which would be considered to be adopted by the highest court of this state if the issue were before it. *Erie Railroad v. Tompkins,* 304 U.S. 64, 58 S.Ct. 817, 82 L.Ed. 1188 (1938); *West v. American Tel. & Tel. Co.,* 311 U.S. 223, 61 S.Ct. 179, 85 L.Ed. 139 (1940); *Carr v. American Universal Ins. Co.,* 341 F.2d 220 (6th Cir. 1965); *Werthan Bag Corp. v. Agnew,* 202 F.2d 119 (6th Cir. 1953).

The Court concludes after considering the positions by each of the parties and the authorities herein discussed that Elvis Presley himself had what has been recognized in Tennessee as a valuable proprietary right, a kind of property right in his name and image, and he had an exclusive right to market it, to assign it, or to benefit from its use commercially. It is doubtful that plaintiff seriously challenges this conclusion. Furthermore, Tennessee courts would protect and safeguard Presley in the proprietary right of publicity, whether or not it would be so designated, as in the case of unfair competition, unjust enrichment, or wrongful appropriation of good will.

The well-reasoned cases, it is believed, set out a clear distinction between the valuable right of publicity of public figures such as Presley and the right of privacy in the sense of being left alone, free from harassment or humiliation, a tortious claim. Tennessee courts would recognize and acknowledge this difference. Elvis Presley himself, through Parker and Boxcar, fully pursued this exclusive right of publicity during his lifetime. The party holding this exclusive right during lifetime and the personal representative of Elvis Presley, after his death, unequivocably

attempted to assign to the defendant exclusive rights to the name and image as it relates to the kind of statuary involved in this proceeding.

Would that right of publicity be transferable or inheritable after death in the Tennessee courts? The recent authority, both judicial and scholarly, squarely on the point, under the circumstances applicable here, has acknowledged or logically determined that the right of publicity of the type involved in the Elvis Presley name and image should be inheritable and assignable.[10] A Tennessee court, by analogy, has recognized a special property right in the name "Robinson's" which was inherited by his widow, and further recognized her right to the exclusive use of the good will and the name even after the owner's death, to the exclusion of another, as to another's adoption of a name that would unfairly compete with that utilized commercially during his lifetime by James S. Robinson. *Robinson v. Robinson's, Inc.*, 9 Tenn.App. 103 (1929).

This Court holds that the correct and majority view, though there are few cases precisely in point, is that enunciated in *Factors, Inc. v. Creative Card Co., supra.* Defendant's position, then, as a matter of law, would prevail on this issue and plaintiff's motion for temporary injunction and/or for partial summary judgment must fail.

RELIEF:

Defendant is entitled to a decision on its petition for extraordinary relief if it can meet all the essential criteria. The first criteria, likelihood of success on the merits, has been discussed and concluded in defendant's favor by this Court's conclusion that defendant would prevail on the merits of the effectiveness of the assignment in question after death to the exclusion of plaintiff, which, although

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[10] See "Defendant's Contentions", *supra* and authorities cited therein.

a "non-profit" entity, is, nevertheless, utilizing an Elvis Presley likeness in a commercial (and competitive) fashion without authority of the purported licensee or the estate itself. *Mason County Medical Association v. Knebel,* 563 F.2d 256 (6th Cir. 1977); *Adams v. Federal Express Corp.,* 547 F.2d 319 (6th Cir. 1976); *Sonesta International Hotels v. Wellington Assoc.,* 483 F.2d 247, 250 (2d Cir. 1973). *Cf. SEC v. Senex Corp.,* 534 F.2d 1240 (6th Cir. 1976). Another criteria is irreparable injury demonstrated by the party seeking relief. It has been sufficiently demonstrated that to allow plaintiff (and others) to violate defendant's asserted rights as exclusive licensee would defeat and vitiate the contract between Boxcar and Factors, Inc. as approved by the Presley personal representative. The effect goes beyond Shelby County and merely a dispute between these parties as demonstrated in *Factors v. Creative Cards, supra.*

Balancing the equities or weighing the substantial harm to plaintiff persuades this Court that defendant's petition for a temporary injunction should be granted. There is no showing of plaintiff corporation's worth or financial responsibility under the present uncertain circumstances in the event defendant were limited to seeking ultimately damages only. Finally, it is believed to be in the interests of equity to issue a preliminary injunction in favor of the defendant.

Defendant's motion for preliminary injunction will accordingly be granted.

No. 77-2545

IN THE
UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

MEMPHIS DEVELOPMENT FOUNDATION,

Plaintiff,

v.

FACTORS ETC., INC.,

Defendant.

ORDER FOR PRELIMINARY INJUNCTION

Defendant Factors Etc., Inc. has moved pursuant to Rule 65 of the Federal Rules of Civil Procedure for an Order enjoining plaintiff, its agents, servants, employees, officers, subsidiaries, affiliates, and all persons and organizations in partial concert or participation with it from directly or indirectly manufacturing, selling or distributing any and all statuettes, reproductions, or copies thereof containing any image, picture or likeness of Elvis Presley and from utilizing commercially in any manner or form the name, image, photograph or likeness of Elvis Presley; and Plaintiff Memphis Development Foundation having moved pursuant to Rule 65 of the Federal Rules of Civil Procedure for preliminary injunction and pursuant to Rules 56 and 57 for partial summary judgment;

NOW, upon reading and filing the pleadings, motions, memoranda in support thereof, and affidavits in support thereof (exclusive of the affidavit of Daniel H. Lidman, filed November 25, 1977), and the parties having come on to be heard for argument on November 25, 1977, and this Court having given due deliberation thereto and having rendered and filed its opinion dated December 5, 1977, granting de-

fendant's motion for a preliminary injunction and denying plaintiff's motion for a preliminary injunction and motion for a partial summary judgment,

IT IS, THEREFORE, ORDERED that Plaintiff Memphis Development Foundation, its agents, servants, employees, officers, subsidiaries, affiliates, and all persons and organizations in partial concert or participation with it who receive actual notice of this Order by personal service or otherwise are restrained and enjoined from directly or indirectly manufacturing, selling or distributing any and all statuettes, reproductions or copies thereof or any other item of merchandise containing any image, picture or likeness of Elvis Presley and from utilizing commercially in any manner or form the name, image, photograph or likeness of Elvis Presley other than pursuant to an agreement approved by Defendant Factors Etc., Inc.

Solely for the purpose of this Order, nothing herein shall be construed to prohibit the Foundation from building, constructing or erecting a memorial statue to Elvis Presley, soliciting and accepting contributions therefor, distributing to donors a photograph of said memorial statue and using the name of Elvis Presley in conjunction with its solicitation efforts.

IT IS FURTHER ORDERED that the plaintiff's motions for a preliminary injunction and for partial summary judgment are denied.

IT IS FURTHER ORDERED that defendant give security in the sum of $20,000.00 for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined, such security to be approved by the Clerk of the Court no later than December 13, 1977.

This Order supersedes the Order for Preliminary Injunction entered December 6, 1977.

Dated this 9th day of December, 1977.

HARRY W. WELLFORD

HARRY W. WELLFORD, *Judge*
United States District Court

[Stamped filed December 9, 1977]

77-1764

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

MEMPHIS DEVELOPMENT FOUNDATION, *Plaintiff-Appellant,* vs. FACTORS ETC., INC., *Defendant-Appellee.*	ORDER

[Reported at 578 F.2d 1381 (6th Cir. 1978)]

BEFORE: LIVELY and KEITH, Circuit Judges, and Ballantine, District Judge.*

Plaintiff appeals from an order of the district court granting defendant's motion for preliminary injunction. Plaintiff, a not-for-profit corporation, intends to erect a bronze memorial statute of Elvis Presley in Memphis, Tennessee and to finance the endeavor by distributing eight-inch pewter replica statuettes of the proposed statue to donors of $25.00 or more. The district court found that prior to Elvis Presley's death, he had granted exclusive rights to market his name, picture, image or likeness, which rights had been developed through various licensing agreements. These exclusive rights were then granted to defendant shortly after Elvis Presley's death. The district court's order enjoined plaintiff from manufacturing, selling or distributing statuettes of the bronze statue of Elvis Presley. The injunction did not restrain plaintiff from building the statue, or from soliciting and accepting contributions or distributing photographs of the statue in the solicitation drive.

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* The Honorable Thomas A. Ballantine, Judge, United States District Court, Western District of Kentucky, sitting by designation.

Upon consideration and review of the record, the briefs and oral arguments of counsel, it is the opinion of this Court that the district court did not abuse its discretion in issuing the preliminary injunction. The district court's order therefore is AFFIRMED.

Entered by Order of the Court

/s/ JOHN P. HEHMAN

Clerk

[Stamped filed June 29, 1978]

No. 77-1764

UNITED STATES COURT OF APPEALS
FOR THE SIXTH DISTRICT

John P. Hehman, Clerk

MEMPHIS DEVELOPMENT FOUNDATION,
Plaintiff-Appellant,

v.

FACTORS ETC., INC.,
Defendant-Appellee.

ORDER

BEFORE: LIVELY and KEITH, Circuit Judges, and Ballantine, District Judge.*

Appellant having filed a petition for rehearing en banc with this Court, and no active Judge having requested that a vote be taken on the suggestion for rehearing en banc, said petition has been referred to the panel for disposition. The Court having considered said petition and being duly advised in the premises,

IT IS ORDERED that the petition for rehearing be, and it is, hereby denied.

ENTERED BY ORDER OF THE COURT

/s/ JOHN P. HEHMAN
Clerk

[Stamped filed October 27, 1978]

* The Honorable Thomas A. Ballantine, Judge, United States District Court, Western District of Kentucky, sitting by designation.

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

MEMPHIS DEVELOPMENT FOUNDATION,
Plaintiff,

vs.

FACTORS ETC., INCORPORATED,
Defendant.

No. C-77-2545

BE IT REMEMBERED that a motion for summary judgment in the above-styled case came on to be heard on this date, Wednesday, March 7, 1979, at Memphis, Tennessee, before the Honorable Harry W. Wellford, Judge, when and where the following proceedings were had:

* * * * *

WEDNESDAY MORNING — MARCH 7, 1979

The motion for summary judgment in this case began on this date, Wednesday, March 7, 1979, at 9:00 a.m., when and where proceedings were had as follows:

THE COURT: We set at this time Memphis Development Foundation versus Factors. There is a motion for summary judgment in this matter and this is subsequent to the Court's order on a request for injunction in which the Court concluded that the relief sought primarily by the plaintiff should not be granted and rather the relief sought by the defendant should be granted.

That was subsequently found not to be erroneous by the Court of Appeals, and now the matter is before us with regard to summary judgment.

* * * * *

THE COURT: It's been a very prolific source of interest and advertisement and development, the name, image and likeness of Elvis Presley, perhaps even more after his death than the months and years preceding his death, and the issues that have been presented to the Court in this case have been very novel and intriguing to the Court. They have been very well presented on both sides. And as we stated in our previous memorandum opinion we found a scarcity of specific law that dealt with this important subject. And as Mr. Cocke points out, the ultimate decision in the field of law will have a great impact on the rights of persons connected with celebrities, famous persons who, during their lifetime, worked on or developed or contracted or arranged for the control of those matters connected with their names.

We think of many figures in the public domain at this point, not merely entertainers, but like Pete Rose and others who have made tremendous amounts of money in capitalizing on their present fame in a particular area of public interest. And this case has been a particularly interesting one because, again as Mr. Cocke points out, the Court has attempted to find what it conceives to be the law and particularly as the Court conceives that the law should be in Tennessee.

We did, among others, rely on the Robinson case feeling that that case added support to the fact that after death a name which had been utilized before death had value and that there were continuing interests in the nature of property interest which the Courts of Tennessee were prepared to protect against others seeking an

unauthorized or unfair use of that name. And we feel that there has been no further development that has been called to our attention that would indicate that the Court's prior decision should be changed or substantially altered.

Our Court of Appeals did not see fit to make a change.

The Second Circuit dealing with the District Court decision that the Court referred to earlier, Factors versus Creative Cards and Pro Arts reached a decision, again that is in relation to New York law, but reviewing the factors and the circumstances that are before us and have been before us, and having a look again at the Lugosi case, we think that the Lugosi or the persuasiveness that it may have has to be examined in relation to the fact that really what was being argued and what was at issue in the Lugosi case was not the continuing use so much of the name Lugosi as such but rather in a particular character framework and that was Lugosi's development and creativity in the role of Count Dracula and really what was being sought in this case was a claim by the Lugosi heirs that they had a propriety property interest in the character Dracula, not Lugosi as such, but what Lugosi had contributed in a character. As if I suppose the heirs of the actor in the Archie Bunker situation that they had a continuing property interest and that no one else could play Archie Bunker or use Archie Bunker except the actor that developed it and we think that is a significant difference from what we are talking about here.

Here is the development and we think that the affidavits which the Court considered were affidavits filed in another cause and another court but bearing on the same issue, overall issue as to whether or not the right to exploit the commercial value, the right to the value of publicity as it were passes on or is transferable even after death, and we believe that the law is that it does, though that may have great impact, as counsel has pointed out, though we think there may be, very well may

be limits certainly placed by the Courts on how long that can take place and on what exactly is covered. As counsel argues here it should not cover those areas that were not actually utilized or exploited during the lifetime of the person whose development and publicity and interest are at issue.

We are satisfied that we really don't have to reach that issue in this case. We are satisfied from the affidavits that were filed in the New York case and from all of the circumstances that have developed in this case and the contracts that were involved with Boxcar and Factors that what was clearly involved during Presley's lifetime was a determined effort to control by Presley the use to and right of exploitation and commercialization and publicity with regard to the Presley name, picture, image, likeness and personality, a very broad scale thing. And we feel that the contracts point to all of that and the persons most concerned with the development of that, particularly Colonel Parker, but also the others who submitted affidavits in the Creative Card or Pro Arts case or cases, Diskin and others, make it clear that Parker had the authority to arrange for the commercial use and exploitation throughout the world of Elvis Presley's image, name, picture and likeness in connection with merchandise items of all kinds, posters, statuettes, medallions, whatever they might be.

We think that those are clearly sufficient in this case that the Court should grant the defendant's motion for summary judgment as a matter of law. We don't reach the interesting question that the plaintiffs raise here that they are, in the sense that the Court does not believe that on the bases of what has been submitted and is before the Court now that there is really any substantial question but that these rights, including the rights and the development of statuettes and statues were, in fact, properties that were recognized and utilized by Presley

during his lifetime and that there being no question of fact regarding that. That, therefore, the injunction heretofore given in favor of the defendant, particularly in light of the waiver of damages, should be made a permanent injunction under the same conditions as previously indicated. However, that this does not preclude the right of the plaintiff to proceed with a project memorializing Presley, but not to be able to utilize commercially statuettes or statues in the sense of promotional items in that project without the consent and permission of the defendant who has, the Court holds, the legal right and title to the commercial development of the Presley name, image and those rights that go along with it.

Is it clear as to what the Court has ruled in this instance? This in no sense narrows the ability of the plaintiffs to proceed, as the Court previously ruled as they might proceed subject, however, to the defendant's property rights in the Presley name and image for the reason that we have indicated.

MR. THOMASON: Your Honor, I would like the record to reflect that the defendant Factors does not now nor has ever taken the position that we would be opposed or would in any way attempt to halt the construction of any sort of memorial to Elvis Presley by the plaintiff or anyone else. We have never taken that position. I would just like the Court to know that.

THE COURT: Let the exceptions be taken on the part of the plaintiff to the Court's ruling, further ruling.

* * * * *

No. 77-2545

IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TENNESSEE WESTERN DIVISION

MEMPHIS DEVELOPMENT FOUNDATION, *Plaintiff*, v. FACTORS ETC., INC., *Defendant*.	ORDER

The Court has heard the parties on defendant's motion for summary judgment. Defendant has announced that it waives any claim for damages and is simply seeking that preliminary injunction be made a permanent injunction to protect defendant's proprietary rights with regard to the name, likeness and image of the late Elvis Presley.

After hearing the parties, the Court ruled favorably for the defendant on its motion for summary judgment for the reasons indicated in its oral opinion and conclusions at the conclusion of the hearing to which reference is made.

Accordingly, the preliminary injunction heretofore issued is made a permanent injunction and the bond heretofore required shall be released and terminated since the Court has determined as a matter of law that the defendant has a right to the protection afforded in this Order making the preliminary injunction issued December 6, 1977, a permanent injunction.

It is so ORDERED this 7th day of March, 1979.

HARRY W. WELLFORD, *Judge*
United States District Court

CIVIL ACTION FILE NO. C-77-2545

UNITED STATES DISTRICT COURT
FOR THE
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

MEMPHIS DEVELOPMENT FOUNDATION,
Plaintiff,

vs.

FACTORS ETC., INC.,
Defendant.

JUDGMENT

This action came on for (hearing) before the Court, Honorable Harry W. Wellford, United States District Judge, presiding, and the issues having been duly (heard) and a decision having been duly rendered,

It is Ordered and Adjudged that in compliance with the Order entered by the Court on March 7, 1979, after hearing the parties, the Court ruled favorably for the defendant on its motion for summary judgment for the reasons indicated in its oral opinion and conclusions at the conclusion of the hearing to which reference is made.

Accordingly, the preliminary injunction heretofore issued is made a permanent injunction and the bond heretofore required shall be released and terminated since the Court has determined as a matter of law that the defendant has a right to the protection afforded in this Order making the preliminary injunction issued December 6, 1977, a permanent injunction. Accordingly, this cause is hereby dismissed.

APPROVED:

HARRY W. WELLFORD
United States District Judge

Dated at Memphis, Tennessee, this 8th day of March, 1979.

J. FRANKLIN REID
Clerk of Court

No. 79-1270

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

MEMPHIS DEVELOPMENT FOUNDATION, *Plaintiff-Appellant,* v. FACTORS ETC., INC., *Defendant-Appellee.*	JUDGMENT

BEFORE: WEICK and MERRITT, Circuit Judges; CECIL, Senior Circuit Judge.

APPEAL from the United States District Court for the Western District of Tennessee.

THIS CAUSE came on to be heard on the record from the United States District Court for the Western District of Tennessee and was argued by counsel.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby reversed and the cause remanded for further proceedings.

It is further order that Plaintiff-Appellant recover from Defendant-Appellee the costs on appeal, as itemized below, and that execution therefor issue out of said District Court if necessary.

Entered by Order of the Court.

/s/ JOHN P. HEHMAN

Clerk

[Stamped filed March 6, 1980]

Issued as Mandate:
May 6, 1980

No. 79-1270

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

MEMPHIS DEVELOPMENT FOUNDATION, *Plaintiff-Appellant,* v. FACTORS ETC., INC., *Defendant-Appellee.*	ORDER DENYING PETITION FOR REHEARING

BEFORE: WEICK and MERRITT, Circuit Judges; CECIL, Senior Circuit Judge.

A majority of the court having not voted in favor of an *en banc* rehearing, the petition for rehearing has been referred to the hearing panel for disposition.

Upon consideration, it is ORDERED that the petition for rehearing be and hereby is denied.

Entered by Order of the Court

/s/ JOHN P. HEHMAN
Clerk

[Stamped filed April 28, 1980]

No. 655, Docket 77-7544.

FACTORS ETC., INC. and
BOXCAR ENTERPRISES INC.,

Plaintiffs-Appellees,

v.

PRO ARTS, INC. and
STOP AND SHOP COMPANIES, INC.,

Defendants-Appellants.

UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

Decided June 27, 1978.

[Reported at 579 F.2d 215 (2d Cir. 1978)]

Before WATERMAN, INGRAHAM* and MANSFIELD, Circuit Judges.

INGRAHAM, Circuit Judge: Plaintiffs-Appellees, Factors Etc., Inc. (Factors) and Boxcar Enterprises, Inc. (Boxcar), sued Defendants-Appellants, Pro Arts, Inc. (Pro Arts) and Stop and Shop Companies, Inc. (Stop and Shop), for injunctive relief and damages based upon defendants' alleged misappropriation and unauthorized use of the name and likeness of Elvis Presley (Presley). The trial court granted the plaintiffs' preliminary injunction upon its findings that the exclusive right to market Presley memorabilia survived the death of Presley, and the Presley poster printed by defendants allegedly in derogation of this right was not privileged as the publication of a newsworthy event. This is an interlocutory appeal pursuant to 28 U.S.C. § 1292(a)(1).

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* Of the United States Court of Appeals for the Fifth Circuit, sitting by designation.

Because the facts are not in dispute, we need not describe them in detail. During Presley's career as an entertainer, Colonel Tom Parker (Parker) served as his close friend, mentor and personal manager. This professional relationship between the two parties began on March 26, 1956, with the execution of the first contract between them. Parker immediately began the task of creating the "Elvis persona." In so doing, both he and Presley capitalized upon the marketing of merchandise bearing the Elvis name and likeness. Parker directed this effort until Presley's death, a task reflected by the numerous extensions of the contract between the two parties.[1]

Boxcar Enterprises, a Tennessee corporation controlled by Presley and Parker,[2] was the vehicle through which the commercial Elvis Presley rights were marketed. Boxcar sublicensed other companies to do the actual manufacturing and distributing of each specific item, receiving royalties from the sales.[3]

On August 16, 1977, Elvis Presley died suddenly and unexpectedly. His father, Vernon Presley, was appointed executor of his estate. On August 18, 1977, two days after Presley's death, Boxcar granted Factors the exclusive license to exploit commercially the name and likeness of Elvis Presley. Factors paid Boxcar $100,000 on execution of the agreement against a guarantee of $150,000. Vernon

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[1] At the time of his death, Presley was operating under an agreement with Parker, who was doing business as "All Star Shows." The agreement was executed on May 25, 1963, and was thereafter extended several times. The last extension occurred on January 22, 1976, and granted merchandising rights to Parker for another seven years.

[2] Parker owned 56% of the shares, Presley and Tom Dishkin, President of Boxcar, each owned 22%.

[3] When Boxcar licensed a merchandising item, Presley received 20% of the royalties, Parker received 20%, and Dishkin received 10%. The remaining 50% went to Boxcar.

Presley, as executor of the estate, signed the agreement licensing Factors, at the same time warranting that Boxcar was the sole and exclusive owner of the commercial Elvis Presley rights.[4] The agreement was also approved by Parker.

Immediately following Presley's death, Pro Arts decided that it too wanted a share in the market for Elvis Presley memorabilia. It purchased the copyright in the photograph of Presley from a staff photographer of the Atlanta (Georgia) Journal. On August 19, 1977, three days after his death, Pro Arts published a poster using the photograph and filed an application for registration of copyright. The poster is entitled "IN MEMORY" and below the photograph of Presley the poster bears the dates "1935-1977."

On the same date that the poster was published, Pro Arts began to market it. One of its first customers was co-defendant Stop and Shop Companies, which thereafter sold the poster through its Bradlees Stores Division in the Southern District of New York. On August 24, 1977, five days after its poster was placed on the market, Pro Arts notified Boxcar Enterprises that it was offering "a memorial 'Elvis' poster to meet the public demand." When Factors was informed of the letter, it replied to Pro Arts claiming the exclusive right to manufacture, sell and distribute all merchandise utilizing the name and likeness of Elvis Presley. Factors also warned Pro Arts that if it did not discontinue sale of the poster, it would be subject to a lawsuit for injunctive relief, damages and an accounting.

Instead of ceasing distribution of the poster, Pro Arts filed suit in the United States District Court for the Northern District of Ohio seeking a declaratory judgment of non-infringement of the rights claimed by Factors. When Fac-

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[4] Contemporaneous with this agreement, Vernon Presley wrote to Parker, asking him to "carry on according to the same terms and conditions as stated in the contractual agreement [between Presley and Parker] dated January 22, 1976" (See n.1, *supra*).

tors discovered that it had been sued in Ohio, it responded by instituting this action against Pro Arts and Stop and Shop in United States District Court for the Southern District of New York.[5] This later action was filed on September 26, 1977, just five days after Pro Arts' action.

Upon the filing of the complaint in this action, the district judge entered an "order to show cause" requiring Pro Arts to show cause why an injunction should not issue against it. Pro Arts responded with a motion to dismiss, stay or transfer the suit to the Northern District of Ohio. On October 13, 1977, the New York court filed an opinion and order of preliminary injunction against Pro Arts. The injunction restrained Pro Arts during the pendency of the action from manufacturing, selling or distributing (1) any more copies of the poster labeled "IN MEMORY . . . 1935-1977," (2) any other posters, reproductions or copies containing any likeness of Elvis Presley, and (3) utilizing for commercial profit in any manner or form the name or likeness of Elvis Presley. The order also denied Pro Arts' motion to dismiss, stay or transfer. Pro Arts has duly perfected this interlocutory appeal from the order.[6]

Before addressing the merits, we must first dispose of Pro Arts' contention that the trial court abused its discretion in denying Pro Arts' motion to stay or transfer the present action to the Northern District of Ohio.[7] Pro Arts first argues that the case should have been transferred

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[5] Jurisdiction was predicated upon the diversity of citizenship between the parties. 28 U.S.C. § 1332.

[6] 28 U.S.C. § 1292(a)(1). *See, e. g., Morning Telegraph v. Powers,* 450 F.2d 97 (2nd Cir. 1971), *cert. denied,* 405 U.S. 954, 92 S.Ct. 1170, 31 L.Ed.2d 231 (1972).

[7] On appeal, Pro Arts has apparently abandoned its earlier contention that the New York court lacked personal jurisdiction or venue over the parties, arguing only that the action should have been transferred or stayed on grounds of convenience and other equitable considerations.

under 28 U.S.C. § 1404(a)(1976) for the convenience of parties and witnesses. According to Pro Arts, none of the parties are residents of New York, but instead each is incorporated and a resident of another state — Factors (Delaware), Boxcar (Tennessee), Pro Arts (Ohio), Stop and Shop (Massachusetts). Furthermore, Pro Arts contends that it is the chief defendant in the case and its principal place of business is located in Ohio, the state where all of its records, officers and witnesses are located. Defendant Stop and Shop, on the other hand, is merely a "straw man" joined to make possible a New York suit, and has nothing to do with the printing or manufacturing of the poster.

There can be no doubt that the burden is on the defendant, when it is the moving party, to establish that there should be a change of forum. *See Ford Motor Co. v. Ryan,* 182 F.2d 329, 330 (2d Cir.), *cert. denied,* 340 U.S. 851, 71S.Ct. 79, 95 L.Ed. 624 (1950); *New York v. General Motors Corp.,* 357 F.Supp. 327, 328 (S.D.N.Y. 1973); C. Wright, A. Miller and E. Cooper, 15 Federal Practice and Procedure 244 (1976) [hereinafter cited as Federal Practice and Procedure]. When a party seeks the transfer on account of the convenience of witnesses under § 1404(a), he must clearly specify the key witnesses to be called and must make a general statement of what their testimony will cover. 15 Federal Practice and Procedure 270. *See, e.g., Mendelson v. Fleishmann,* 386 F.Supp. 436, 439 (S.D. N.Y. 1973). Not only was no such demonstration attempted, but Pro Arts did not even urge the convenience of witnesses and parties below as a ground for § 1404(a) transfer. Because the issue was not raised in the district court and supported by affidavits, there could be no abuse of discretion in not granting transfer on these grounds.

Pro Arts argues in the alternative that the case should have been transferred to Ohio under § 1404(a) or stayed pending resolution of the Ohio action, since essentially

the same lawsuit involving the same parties and the same issues had been filed in Ohio before the New York case was filed. The rule in this circuit is that the first suit should have priority, " 'absent the showing of balance of convenience in favor of the second action' . . . or unless there are special circumstances which justify giving priority to the second." *William Gluckin & Co. v. International Playtex Corp.*, 407 F.2d 177, 178 (2d Cir. 1939), *quoting Remington Products Corp. v. American Aerovap, Inc.*, 192 F.2d 872 (2d Cir. 1951). The Supreme Court has articulated the test to be "wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation . . ." *Kerotest Manufacturing Co. v. C-O-Two Fire Equipment Co.*, 342 U.S. 180, 183, 72 S.Ct. 219, 221, 96 L.Ed. 200 (1952). In deciding between competing jurisdictions, the balancing of convenience should be left to the sound discretion of the district court. *Id.* at 183-84, 72 S.Ct. 219; *William Gluckin & Co. v. International Playtex Corp.*, 407 F.2d at 178.

We conclude that the district court did not abuse its discretion by allowing the later filed action to proceed. First, at the time that this case was filed, two additional lawsuits against other defendants by Factors presenting the identical issue for resolution were pending in the Southern District of New York.[8] Efficient and responsible judicial administration dictated that these three cases be tried before the same forum. *Id. See Remington Products Corp. v. American Aerovap, Inc.*, 192 F.2d 872, 873 (2d Cir. 1951).

Second, Pro Arts' suit for declaratory judgment was filed in apparent anticipation of Factors' New York suit. When the declaratory judgment action has been triggered by a notice letter, this equitable consideration may be a factor in the decision to allow the later filed action to proceed to

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[8] These two cases are *Factors Etc., Inc. v. Creative Card Co.*, 444 F.Supp. 279 (S.D.N.Y. 1977), and *Factors Etc., Inc. v. The Wild Side, Inc.*, 77 Civ. 4705 (S.D.N.Y. Oct. 14, 1977).

judgment in the plaintiffs' chosen forum. *Amerada Petroleum Corp. v. Marshall,* 381 F.2d 661, 663 (5th Cir. 1967). *Accord, Columbia Pictures Industries, Inc. v. Schneider,* 435 F.Supp. 742, 747 (S.D.N.Y. 1977). As Mr. Justice Brennan has observed, "[t]he federal declaratory judgment is not a prize to the winner of a race to the courthouses." *Perez v. Ledesma,* 401 U.S. 82, 119 n. 12, 91 S.Ct. 674, 694, 27 L.Ed. 2d 701 (1971) (Brennan, J. dissenting). In short, we find no abuse of discretion by the district court in its decision not to grant Pro Arts' motion to transfer the case to Ohio under § 1404(a) or stay the proceedings pending resolution of the Ohio action.

We now proceed to the determination of the principal issue in this case — whether or not the preliminary injunction was improvidently granted. In order to be granted a preliminary injunction under Rule 65(a), Fed.R.Civ.P., the movant must make " 'a clear showing of either(1) probable success on the merits and possible irreparable injury, or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation *and* a balance of hardships tipping decidedly toward the party requesting the preliminary relief.' " *Triebwasser & Katz v. American Tel. & Tel. Co.,* 535 F.2d 1356, 1358 (2d Cir. 1976) (emphasis in original), *quoting Sonesta International Hotels Corp. v. Wellington Assoc.,* 483 F.2d 247, 250 (2d Cir. 1973). The trial court employed the first prong of the test, finding that Factors had demonstrated probable success on the merits and possible irreparable injury. Because Pro Arts does not challenge the trial court's finding of possible irreparable harm, we need only address the first of the two requirements, that of probable success on the merits.

In concluding that Factors would likely prevail on the merits at trial, the court found that Elvis Presley exercised his right of publicity during his lifetime by giving Parker the exclusive authority to exploit his image through Boxcar Enterprises. This exclusive authority survived Presley's

death, after which it was validly assigned to Factors. For this reason Pro Arts was enjoined from manufacturing, distributing, selling or otherwise profiting from merchandise bearing the name or likeness of the late Elvis Presley.

It is beyond cavil that the grant or denial of preliminary injunctive relief " 'will not be disturbed [on appeal] unless there is an abuse of [the trial court's] discretion . . . or unless there is a clear mistake of law.' " *New York v. Nuclear Regulatory Commission*, 550 F.2d 745, 751 (2d Cir. 1977), quoting *Triebwasser & Katz v. American Tel. & Tel. Co.*, 535 F.2d at 1358. On appeal, Pro Arts alleges two errors of law on the part of the trial court. According to Pro Arts, the trial court erred first in concluding that the right of publicity could survive the death of the celebrity. Second, Pro Arts argues that even if the right did so survive, Pro Arts was privileged, as a matter of law, in printing and distributing its "memorial poster" of Presley, because the poster celebrated a newsworthy event.

The first issue, the duration of the so-called "right of publicity," is one of state law, more specifically the law of the State of New York. Because of the dearth of New York case law in this area, however, we have sought assistance from federal court decisions interpreting and applying New York law, as well as decisions from courts of other states.

As the district court noted, much confusion shrouds the so-called "right of publicity," largely because it has often been discussed under the rubric "right of privacy." As Dean Prosser has stated, the right of privacy embraces "four distinct kinds of invasion of four different interests of the plaintiff, which are tied together by the common name, but otherwise have almost nothing in common except that each represents an interference with the right of the plaintiff 'to be let alone.' " W. Prosser, Torts 804 (4th ed. 1971). Prosser has classified the four species of this tort as (1) intrusion upon the plaintiff's physical solitude or

seclusion, *id.* at 807, (2) public disclosure of private facts, *id.* at 809, (3) false light in the public eye, *id.* at 812, and (4) appropriation of plaintiff's name or likeness for defendant's benefit, *id.* at 804.

The fourth type, appropriation of plaintiff's name or likeness for defendant's benefit, has in recent years acquired the label, "right of publicity." The distinguishing feature of this branch of the tort is that it involves the use of plaintiff's protected right for defendant's direct commercial advantage. The nature of the remedy also separates the right of publicity from the other three species of the tort. To protect his interest with respect to the first three, the injured party attempts to minimize the intrusion or publication of the damaging matter. In contrast, the right of publicity plaintiff does not necessarily object to the commercial exploitation — so long as the exploitation is at his behest and he is receiving the profits. This point was recently underscored by the Supreme Court in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, S.Ct. 2849, 53 L.Ed.2d 965 (1977). According to the Court, the interest protected:

> is closely analogous to the goals of patent and copyright law, focusing on the right of the individual to reap the reward of his endeavors and having little to do with protecting feeling or reputation.

Id. at 573, 97 S.Ct. at 2856.

> [The rationale is thus] "one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would normally pay."

Id. at 576, 97 S.Ct. at 2857, quoting *Kalven,* Privacy in Tort Law — Were Warren and Brandeis Wrong? 31 Law & Contemp. Prob. 326, 331 (1966).

The State of New York provides a statutory right for the protection of a *living* person from commercial exploitation of his name and picture by others without his written consent.[9] This statutory right, also called a "right of privacy," is predicated upon the classic right of privacy's theoretical basis which is to prevent injury to feelings. *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836, 843 (S.D.N.Y. 1975); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977). In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816, 74 St.Ct. 26, 98 L.Ed. 343 (1953), we recognized that the right of publicity exists independent from the statutory right of privacy and that it can be validly transferred by its owner:

> We think that, in addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, i. e., the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made "in gross," i. e., without an accompanying transfer of a business or of anything else. Whether it be labelled a "property" right is immaterial; for here, as often elsewhere, the tag "property" simply symbolizes the fact that courts enforce a claim which has pecuniary worth.

Id. at 868.

Since the landmark *Haelan Laboratories, Inc.* case, several decisions by courts applying New York law have labeled the right of publicity as a valid transferable property right, *see, e. g., Price v. Hal Roach Studios, Inc.*, 400 F.Supp. at 844; *Groucho Marx Productions, Inc. v. Playboy Enterprises, Inc.*, No. 77–1782 (S.D.N.Y. Dec. 30, 1977); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977), as well as recent decisions by courts

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[9] N.Y. [Civil Rights] Law §§ 50-51 (McKinney).

applying the law of other states, *see, e. g., Cepeda v. Swift & Co.*, 415 F.2d 1205 (8th Cir. 1969); *Memphis Development Foundation v. Factors, Etc., Inc.*, 441 F.Supp. 1323, 1329 (W.D. Tenn. 1977).

There can be no doubt that Elvis Presley assigned to Boxcar a valid property right, the exclusive authority to print, publish and distribute his name and likeness. In so doing, he carved out a separate intangible property right for himself, the right to a certain percentage of the royalties which would be realized by Boxcar upon exploitation of Presley's likeness and name. The identification of this exclusive right belonging to Boxcar as a transferable property right compels the conclusion that the right survives Presley's death. The death of Presley, who was merely the beneficiary of an income interest in Boxcar's exclusive right, should not in itself extinguish Boxcar's property right. Instead, the income interest, continually produced from Boxcar's exclusive right of commercial exploitation, should inure to Presley's estate at death like any other intangible property right. To hold that the right did not survive Presley's death, would be to grant competitors of Factors, such as Pro Arts, a windfall in the form of profits from the use of Presley's name and likeness. At the same time, the exclusive right purchased by Factors and the financial benefits accruing to the celebrity's heirs would be rendered virtually worthless.

Though no New York court has directly addressed this issue,[10] the only two cases on point agree with our conclusion that the right of publicity should survive the celebrity's death. *See Memphis Development Foundation v.*

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[10] We do note, however, dicta from a recent appellate division opinion, *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (2d Dept. 1977), to the effect that "while a cause of action under the Civil Rights Law is not assignable during one's lifetime and terminates at death, the right to publicity, e. g., the property right to one's name, photograph and image is under no such inhibition."

Factors, Etc., Inc., 441 F.Supp. 1323 (W.D. Tenn. 1977); *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D.N.Y. 1975). Of these two cases the *Price* case is particularly persuasive since it is a decision of a United States District Court purportedly applying New York law. *Price* involved a dispute over the ownership of the commercial right to use the names and likenesses of Stanley Laurel and Oliver Hardy ("Laurel and Hardy") following the death of the renowned comedians. The exclusive right to exploit the comedy team commercially was assigned to co-plaintiff Larry Harmon Pictures Corporation by Stan Laurel during his lifetime, by Oliver Hardy's widow and sole heir under Hardy's will, Lucille Hardy Price, and by Laurel and Hardy's Feature Productions. Several years later, when the *Price* defendants sought to utilize the name and likenesses of Laurel and Hardy, the owners sued. The district court held that the deaths of the actors did not extinguish the right of publicity held by the grantee of the right. This conclusion was found to be inherent in the distinction between the right of publicity and the right of privacy:

> Since the theoretical basis for the classic right of privacy, and of the statutory right in New York, is to prevent injury to feelings, death is a logical conclusion to any such claim. In addition, based upon the same theoretical foundation, such a right of privacy is not assignable during life. When determining the scope of the right of publicity, however, one must take into account the purely commercial nature of the protected right. Courts and commentators have done just that in recognizing the right of publicity as assignable. There appears to be no logical reason to terminate this right upon death of the person protected.

400 F.Supp. at 844. In sum, we hold that Boxcar's exclusive right to exploit the Presley name and likeness, because exer-

cised during Presley's life, survived his death.[11] The right was therefore validly transferred to Factors following Presley's death.

Pro Arts' final argument is that even if Factors possesses the exclusive right to distribute Presley memorabilia, this right does not prevent Pro Arts from publishing what it terms a "memorial poster" commemorating a newsworthy event. In support of this argument, Pro Arts cites *Paulsen v. Personality Posters, Inc.*, 59 Misc.2d 444, 299 N.Y.S.2d 501 (Sup.Ct. 1968), a case arising out of the bogus presidential candidacy of the television comedian Pat Paulsen. Paulsen sued defendant for publishing and distributing a poster of Paulsen with the legend "FOR PRESIDENT." The court refused to enjoin sale of the poster because Paulsen's choice of the political area for satire made him "newsworthy" in the First Amendment sense. We cannot accept Pro Arts contention that the legend "IN MEMORY . . ." placed its poster in the same category as one picturing a presidential candidate, albeit a mock candidate. We hold, therefore, that Pro Arts' poster of Presley was not privileged as celebrating a newsworthy event.

In conclusion we hold that the district court did not abuse its discretion in granting the injunction since Factors has demonstrated a strong likelihood of success on the merits at trial. Factors possesses the exclusive right to print and distribute Elvis Presley memorabilia, a right which was validly transferred to it from Boxcar following Presley's death. Pro Arts infringed this right by printing and distributing the Elvis Presley poster, a poster whose publication was not privileged as a newsworthy event.

We affirm the action of the district court and remand for further proceedings.

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[11] Because the right was exploited during Presley's life, we need not, and therefore do not, decide whether the right would survive the death of the celebrity if not exploited during the celebrity's life.

77 Civ. 4704 (CHT)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

FACTORS ETC., INC. AND
BOXCAR ENTERPRISES, INC.,
Plaintiffs,

— AGAINST —

PRO ARTS, INC. AND
STOP AND SHOP COMPANIES, INC.,
Defendants.

OPINION

Tenney, J.

This action involves the defendants' Pro Arts, Inc. ("Pro Arts") and Stop and Shop Companies, Inc. ("Stop and Shop") alleged infringement of the plaintiffs' Factors Etc., Inc. ("Factors") and Boxcar Enterprises, Inc. ("Boxcar") exclusive right to exploit commercially the name and likeness of Elvis Presley. The factual and legal background of this suit has been extensively described in this Court's prior opinion granting plaintiffs' motion for a preliminary injunction, 444 F.Supp. 288 (S.D.N.Y. 1977), and the Second Circuit's decision affirming that opinion and order, 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979), and will not be repeated in full here. Relying on these previous decisions, and other documentary evidence submitted to the Court, the plaintiffs have moved for summary judgment seeking a permanent injunction prohibiting the defendants from marketing Presley memorabilia and an order directing that further proceedings be held to determine damages. The defendants oppose this motion and have cross-moved for an order vacating the preliminary injunction. Upon reviewing the various arguments made by the parties, both

orally and in their briefs, the Court concludes that the plaintiffs' motion should be granted. The matter is therefore referred to Magistrate Naomi R. Buchwald for a determination of damages.

Background

On August 18, 1977, two days after Elvis Presley's death, Factors purchased from Boxcar the exclusive license to exploit and merchandise the name and likeness of the well-known entertainer. The following day, Pro Arts published a poster entitled "IN MEMORY" that bore a photograph of Presley and the dates "1935-1977." The photograph had been taken by a staff photographer of the Atlanta Journal and published in the newspaper the day after Presley died. Pro Arts purchased the photograph and immediately applied for a copyright for the poster. Stop and Shop was one of Pro Arts' first customers and sold the poster through its New York stores.

After a series of complaints and legal maneuvers, the plaintiffs sought a preliminary injunction against the defendants to restrain the sale of the poster. In a companion action raising similar legal issues, *Factors Etc., Inc. v. Creative Card Co.*, 444 F.Supp. 279, 282 (S.D.N.Y. 1977), this Court examined the legal underpinnings of the right claimed by the plaintiffs and concluded that "a recognized property right, the 'right of publicity,' inhered in and was exercised by Elvis Presley in his lifetime, that it was assignable by him and was so assigned, that it survived his death and was capable of further assignment." Because the plaintiffs had made a clear showing of probable success on the merits and possible irreparable injury resulting from the defendants' actions, *see Sonesta Int'l Hotels Corp. v. Wellington Associates*, 483 F.2d 247, 250 (2d Cir. 1973), the defendants were enjoined from (1) manufacturing, selling or distributing any more copies of the "IN MEMORY" poster; (2) marketing any other posters, reproductions or copies con-

taining any likeness of Elvis Presley; and (3) utilizing for commercial profit in any manner or form Presley's name or likeness.

The defendants appealed this order to the Second Circuit. As stated by the circuit court:

> On appeal, Pro Arts alleges two errors of law on the part of the trial court. According to Pro Arts, the trial court erred first in concluding that the right of publicity could survive the death of the celebrity. Second, Pro Arts argues that even if the right did so survive, Pro Arts was privileged, as a matter of law, in printing and distributing its "memorial poster" of Presley, because the poster celebrated a newsworthy event.

579 F.2d at 219.

The court of appeals rejected both arguments. First after discussing other cases involving the "right of publicity," and noting the "dearth of New York case law in this area," the court stated that:

> The State of New York provides a statutory right for the protection of a *living* person from commercial exploitation of his name and picture by others without his written consent. This statutory right, also called a "right of privacy," is predicated upon the classic right of privacy's theoretical basis which is to prevent injury to feelings. *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836, 843 (S.D.N.Y. 1975); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D. 2d 620, 396 N.Y.S. 2d 661 (1977). In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816, 74 S.Ct. 26, 98 L. Ed. 343 (1953) we recognized that the right of publicity exists independent from the statutory right of privacy and that it can be validly transferred by its owner . . . .
>
> . . . .

> There can be no doubt that Elvis Presley assigned to Boxcar a valid property right, the exclusive authority to print, publish and distribute his name and likeness. In so doing, he carved out a separate intangible property right for himself, the right to a certain percentage of the royalties which would be realized by Boxcar upon exploitation of Presley's likeness and name. The identification of this exclusive right belonging to Boxcar as a transferable property right compels the conclusion that the right survives Presley's death. The death of Presley, who was merely the beneficiary of an income interest in Boxcar's exclusive right, should not in itself extinguish Boxcar's property right. Instead, the income interest, continually produced from Boxcar's exclusive right of commercial exploitation, should inure to Presley's estate at death like any other intangible property right. To hold that the right did not survive Presley's death, would be to grant competitors of Factors, such as Pro Arts, a windfall in the form of profits from the use of Presley's name and likeness. At the same time, the exclusive right purchased by Factors and the financial benefits accruing to the celebrity's heirs would be rendered virtually worthless.

579 F.2d at 220-21 (original emphasis and footnote omitted). Secondly, the court of appeals held that Pro Arts' poster was not privileged under the First Amendment as celebrating a newsworthy event. *Id.* at 222.

Summary Judgment

Although the plaintiffs prevailed on their initial motion for a preliminary injunction, the Second Circuit's affirmance of this Court's order does not constitute a final adjudication on the merits of their claim. *See Diversified Mortgage Investors v. U.S. Life Title Ins. Co.*, 544 F.2d 571, 576 (2d Cir. 1976). A decision granting a preliminary injunction does not conclusively determine all factual issues or legal ques-

tions raised in the litigation. *Male v. Crossroads Assoc.*, 337 F. Supp. 1190, 1194 (S.D.N.Y. 1971), *aff'd*, 469 F.2d 616 (2d Cir. 1972). Accordingly, in moving for summary judgment, these plaintiffs must demonstrate that there is no "genuine issue for trial." Fed. R. Civ. P. 56(e). When a motion for summary judgment is supported by the requisite documents, the opposing party must set forth "concrete particulars" and cannot rest upon "conclusory allegations or denials." *SEC v. Research Automation Corp.*, 585 F.2d 31, 33 (2d Cir. 1978). "[E]ven in suits for injunctive relief, the district courts should not hesitate to grant a plaintiff's request for summary judgment when the defendant has failed to meet the requirements prescribed by Rule 56(e)." *Id.* at 34.

In opposing the plaintiffs' motion for summary judgment, the defendants rely on the Sixth Circuit's recent opinion in *Memphis Development Foundation v. Factors Etc., Inc.*, 616 F.2d 956 (6th Cir. 1980) (panel decision, rehearing en banc denied) (hereinafter *Memphis Development*), and on what they describe as "three affirmative defenses which have yet to be conclusively litigated in this matter." Defendants' Memorandum in Opposition to Motion for Summary Judgment ("Defendants' Memorandum") at 3. Each of these issues will be discussed in turn. The Court concludes that its initial legal rulings should remain undisturbed and that no genuine factual issues have been raised.

The Memphis Development Case

Reversing a decision by the District Court for the Western District of Tennessee, 441 F.Supp. 1323 (W.D. Tenn. 1977), the Sixth Circuit held that the exclusive right to publicity does not survive a celebrity's death; the right is not inheritable and after death the opportunity for gain shifts to the public domain. The action arose from the Memphis Development Foundation's plan to erect a large bronze statue of Elvis Presley in downtown Memphis. The Foundation solicited public contributions to pay for the

sculpture, and donors who gave $25.00 or more received an eight-inch pewter replica of the statue. Factors challenged this action on the grounds that the Foundation was selling the statues and thus infringing Factor's exclusive right to reap commercial value from Presley's name and likeness. As stated by the Sixth Circuit, it was "called upon in this diversity case to determine whether, under *Tennessee law*, the exclusive right to publicity survives a celebrity's death." 616 F.2d at 957 (emphasis added). The court noted, however, that Tennessee courts had not addressed the issue and it had no way to discern their "predisposition." Accordingly, the court attempted to resolve the issue in light of "practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability and economic opportunity." *Id.* at 958. The Sixth Circuit's treatment of the Second Circuit's opinion in the instant action, and other cases cited therein, consisted of a footnote acknowledging that a few recent cases have characterized the right of publicity as property that could be passed on to heirs or assigns.[1]

The defendants argue that this Court should now reverse its initial view of the law, affirmed by the Second Circuit, and adopt the position espoused by the Sixth Circuit. According to the defendants, the two cases on which the Second Circuit primarily relied in affirming this Court's order — the district court opinion in *Memphis Development* and *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D. N.Y. 1975) — "are no longer entitled to be given any weight" in determining the summary judgment motion. *Price* in-

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[1] The district court decision in *Memphis Development* had previously been affirmed, without an opinion, by the Sixth Circuit. 578 F.2d 1381 (6th Cir. 1978). This prior affirmance is not addressed in the subsequent panel opinion. A request for a rehearing or a rehearing en banc was denied about seven weeks after the panel decision was issued. *See* 616 F.2d at 956.

volved a dispute over the ownership of the commercial right to use the names and likenesses of Stanley Laurel and Oliver Hardy following the deaths of the famous comedians. While the plaintiffs did not dispute the defendants' right to distribute copyrighted Laurel and Hardy movies or single frames, they did claim an exclusive right for other commercial purposes. The district court held that the deaths of the actors did not extinguish the rights of publicity assigned to the grantee. The defendants contend that *Price* is not only distinguishable from the instant action because the copyrighted materials were not challenged, but that its authority is further undermined because the *Price* court relied on the lower court opinion in *Lugosi v. Universal Pictures Co.*, which was recently reversed by the California Supreme Court, 25 Cal. 3d 813, 603 P.2d 425, 160 Cal. Rptr. 323 (1979). The defendants thus assert that "this Court is virtually the only Court in this country which has recognized survival of the 'right to publicity' after death of the celebrity." Defendants' Memorandum at 5.

The defendants' sweeping assertion regarding the state of the law across the United States is both unfounded and unpersuasive. Indeed, the Second Circuit's opinion in this action specifically referred to decisions rendered by other courts that supported its decision. *See, e.g., Lombardo v. Doyle, Dane & Bernbach,* 58 A.D.2d 620, 396 N.Y.S.2d 661 (2d Dep't 1977). Nor did the *Price* court rely solely on the decision of the California appellate court, and the *Lugosi* decision is distinguishable, in part, from the case at bar. Even if this Court's decision is contrary to the conclusions reached by the Sixth Circuit and the California Supreme Court, *see Guglielmi v. Spelling-Goldberg Productions,* 25 Cal. 3d 860, 603 P.2d 454, 160 Cal. Rptr. 352 (1979), it conforms to the view firmly stated by the Second Circuit and rests upon a careful consideration of relevant cases and competing policy concerns. *See generally* Felcher & Rubin, The Descendibility of the Right of Publicity: Is There

Commercial Life After Death?, 89 Yale L.J. 1125, 1129-32 (1980); Felcher & Rubin, Privacy, Publicity, and the Portrayal of Real People by the Media, 88 Yale L.J. 1577, 1618-22 (1979); Note, The Right of Publicity — Protection for Public Figures and Celebrities, 42 Brooklyn L. Rev. 527, 541-49 (1976); Comment, Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild, 22 U.C.L.A. L. Rev. 1103 (1975). The Court therefore adheres to its initial determination that, in the word of the Second Circuit, "Factors possesses the exclusive right to print and distribute Elvis Presley memorabilia, a right which was validly transferred to it from Boxcar following Presley's death." 579 F.2d at 222.

The Copyright Claim

The defendants claim that the plaintiffs' "right of publicity" is contrary to and preempted by the federal copyright laws enacted pursuant to Article I, Section 8, of the Constitution. As set out in their brief, defendants' copyright claim rests on three not entirely consistent propositions. First, defendants allege that the photograph of Presley portrayed in the poster was placed in the public domain by newspaper publication and could therefore be copied and sold by anyone. Second, defendants contend that they have a valid copyright in the "IN MEMORY . . . 1935-1977 Poster." Finally, they argue that "[t]he copyright of the poster, like the public domain status of the photograph, preempt [sic] any conflicting state law rights of the plaintiffs." Defendants' Memorandum at 21.

The plaintiffs, in turn, respond that the defendants are foreclosed from relitigating their copyright claim because it was rejected *"sub silentio"* by the Second Circuit decision on the preliminary injunction. The plaintiffs cite the defendants' appellate reply brief, which stated that the "principal issue on appeal is whether the Court below erred when it enjoined defendants from printing the likeness of a de-

ceased entertainer in a poster print in which the defendants own the copyright." However, the Second Circuit did not directly address the copyright question. The portion of the court of appeals' opinion quoted above reveals that the court focused on two main issues raised by the defendants: whether the right of publicity could survive death and whether Pro Arts had a First Amendment privilege to distribute the poster. *See* 579 F.2d at 219. While the Second Circuit was undoubtedly aware of the defendants' copyright claim, *see id.* at 217, this Court cannot view the court of appeals' decision as conclusively resolving that question. Furthermore, as noted above, a judgment on a preliminary injunction motion does not constitute a final adjudication of all the issues raised in the case.

The plaintiffs also contend that the defendants have not presented any facts demonstrating that Pro Arts possesses a valid copyright in the Presley poster or photograph. The Court agrees that the evidence submitted by the defendants *in response to this summary judgment motion* is sorely deficient. Neither the defendants' Rule 9(g) Statement, nor the affidavits and briefs received in opposition to this motion, offer any concrete proof regarding the copyright. Furthermore, the defendants' alternative argument that the photograph could have been copied and sold by anyone because it was in the public domain and thus not "copyrightable," Defendants' Memorandum at 16-19, implies that Pro Arts does not or could not obtain a copyright. The Court does, however, recognize defendant Pro Arts' claim to a copyright on the basis of documents previously submitted to this Court on a 1977 motion to dismiss the plaintiffs' preliminary injunction suit or transfer it to the Northern District of Ohio. In arguing for transfer, the defendants cited an action pending in Ohio in which Pro Arts had sued Factors on a variety of claims. The complaint in that action was attached to the defendants' motion papers. Exhibit 9 to that complaint, also referred to as the moving defendants' Exhibit 2, is a Certificate of Registration of a

Claim to Copyright, Registration Number K125341, for a work entitled "IN MEMORY." The date of publication given is August 19, 1977, and the application was received by the Copyright Office on August 30, 1977. This document is sufficient to establish Pro Arts' possession of a copyright in the poster.

Section 209 of the Copyright Act of 1909 ("1909 Act"), 17 U.S.C. §§ 1 *et seq.*, revised, Act of October 19, 1976, Pub. L. 94-553, 90 Stat. 2598, codified at 17 U.S.C. §§ 101 *et seq.*, which governs this pre-1978 publication and distribution, *see* 17 U.S.C. § 301(a), (b)(2), provided that a registration certificate created a prima facie presumption as to all the facts stated therein. In construing this provision, many courts anticipated the principle expressly incorporated in section 410(c) of the Copyright Act of 1976 ("1976 Act"), 17 U.S.C. §§ 101 *et seq.*, and ruled that the certificate was prima facie evidence not just of the facts stated but of the validity of the copyright itself. *See* Nimmer on Copyright ("Nimmer") § 12.11[B] at 12-71 & n.21 (1978) and cases cited therein. Other courts, however, held that because the certificate did not include facts regarding the type of copyright notice provided on the published work, it could not constitute prima facie evidence that the copyright claimant had fully complied with the statutory notice requirements. *See id.* at 17-72 & n.22 and cases cited therein. In this case, the work at issue speaks for itself, for the "IN MEMORY" poster bore the Pro Arts name and the date. *See* Exhibit B to Affidavit of Walter Rohner in Support of Motion for Preliminary Injunction, sworn to September 23, 1977. These additions satisfied the notice requirements of the Copyright Act. *See* Nimmer § 7.09[A] at 7-43. The plaintiffs have not challenged the copyright on the traditional grounds that the work was in the public domain or lacked sufficient originality. *See generally* Nimmer § 2.01 at 2-5, § 2.03[G] at 2-37, § 2.08[E] at 2-109. Nor do they contest Pro Arts' assertion that it purchased the copyright to the photograph from Skinner.

The defendants' public domain argument, which is patently inconsistent with their copyright claim, rests on their assertions that the Presley photograph was placed in the public domain when it was published in the Atlanta Journal and that "[w]hen federal law would deny a copyright, states may not restrict the article's sale." Defendants' Memorandum at 17. The Court need not, however, decide whether general publication of the *photograph* entitled the defendants, or anyone else, to market a blown-up color copy incorporated in a poster with an original title and dates. Essentially, the public domain defense raises the same issue that the Court must now address having concluded that Pro Arts secured a copyright to the Presley poster: whether federal copyright law preempts the plaintiffs' common law right of publicity. The Court now turns to that inquiry.

The defendants' preemption argument relies in part on Section 301 of the 1976 Act which provides:

> On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law of statutes of any State.

As the plaintiffs point out, however, this provision is not directly applicable to the instant action. Subsection (b)(2) of this provision specifically states that nothing in the Act "annuls or limits any rights or remedies under the common law or statutes of any State with respect to . . . any cause of action arising from undertakings commenced before January 1, 1978." This action clearly preceded the effective date of section 301. The suit was commenced in September 1977 and arose from events that occurred the previous month. Accordingly, Factors' right to publicity could not be preempted pursuant to section 301, even if this right were

deemed to be "equivalent to any of the exclusive rights within the general scope of copyright."

The defendants concede that section 301 may not expressly apply to this action but contend that the provision clearly indicates Congress's intent to "occupy the field" in which the plaintiffs' claimed right falls. Transcript of June 19, 1980 Hearing ("Tr.") at 25. The Court disagrees. Subsection (b)(3) provides that the Act does not limit or annul state rights or remedies with respect to "activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106." The original draft of this provision delineated several examples of rights that were specifically not equivalent to the general scope of copyright: "breaches of contract, breaches of trust, *invasion of privacy,* defamation, and deceptive trade practices such as passing off and false representation." H.R. 4347, 89th Cong., 2d Sess. (1966) (emphasis added). Congress's intent to preserve the common law right of publicity, a branch of the right to privacy, is expressly stated in the House Report.

> The examples in clause (3), while not exhaustive, are intended to illustrate rights and remedies that are different in nature from the rights comprised in a copyright and that may continue to be protected under State common law or statute. The evolving common law rights of "privacy," *"publicity,"* and trade secrets, and the general laws of defamation and fraud, would remain unaffected as long as the causes of action contain elements, such as an invasion of personal rights or a breach of trust or confidentiality, that are different in kind from copyright infringement. Nothing in the bill derogates from the rights of parties to contract with each other and to sue for breaches of contract; however, to the extent that the unfair competition concept known as "interference with contract relations" is merely the equivalent of copyright protection, it would be preempted.

H.R. Rep. No. 94-1476, 94th Cong., 2d Sess., at 132 reprinted in [1976] U.S. Code Cong. & Ad. News 5659, 5748 (hereinafter "House Report") (emphasis added); *see* Nimmer § 1.01[B] at 1-12, 1-13 & n.49. Prior to final action by the House of Representatives, three additional examples of rights not equivalent to copyright privileges were added to the original bill: misappropriation, trespass, and conversion. S. 22, 94th Cong., 2d Sess. [1976]. Subsequently, all the examples listed in subsection 301(b)(3) were deleted. This deletion constituted a rather hasty response to concerns expressed by the Justice Department over the inclusion of the common law right against misappropriation. *See* Nimmer § 1.01[B] at 1-13, 1-14. The House debate on the issue, which is somewhat confusing, indicates that the legislators were concerned primarily with the potential problems raised by the addition of misappropriation. *See* 122 Cong. Rec. H10910 (September 22, 1976). Accordingly, commentators in this area have agreed that the original examples of common law rights now equivalent to copyright, including the right to privacy, should be regarded as non-preempted rights. *See, e.g.,* Nimmer § 1.01[B] at 1-13; Goldstein, Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright, 24 U.C.L.A. L. Rev. 1107, 1117-18 (1977); Gorman, An Overview of the Copyright Act of 1976, 126 U. Pa. L. Rev. 856, 866-67 (1978). Furthermore, while the majority opinion of the California Supreme Court in *Lugosi v. Universal Pictures Co., supra,* did not address the preemption issue, Chief Justice Bird's dissent indicated that congressional action had not preempted the recognition of the common law right of publicity. 25 Cal.3d at . ., 603 P.2d at 446-47, 160 Cal.Rptr. at 344-45. The Court agrees with this view and concludes that the 1976 Act was not intended to preempt the right of publicity recognized in this action.

The relationship between state laws and the federal patent and copyright laws was examined in several Supreme

Court decisions that preceded enactment of the 1976 Act. In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), the Court held that a state's unfair competition law cannot prohibit the copying of an article that is not entitled to protection under federal patent law. Because the unfair competition laws gave "protection of a kind that clashes with the objectives of the federal patent laws," they could not survive a challenge on preemption grounds. 376 U.S. at 231. According to the Court, "[t]o allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public." *Id.* at 231-32.

Two subsequent Supreme Court cases refined and elucidated the approach adopted in *Sears* and *Compco*. Federal patent law was held not to prempt a state's trade secret law in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). The Court examined the objectives of both the patent and trade secret laws and concluded that the two were not inconsistent. While the trade secret law protected items that would not be considered patentable (*i.e.*, discoveries or customers' lists), the Court held that Congress had "left the area unattended" with respect to such nonpatentable subject matter. *Id.* at 483, *quoting Goldstein v. California*, 412 U.S. 546, 570 (1973). The existence of another "form of incentive to invention" was deemed not to disturb the patent policy of encouraging the creation of new products and processes. 416 U.S. at 484. Additionally, the Court stated that the "patent policy of disclosure" did not conflict with the extension of trade secret protection to clearly patentable inventions. *Id.* at 491. The Court thus concluded that "[u]ntil Congress takes affirmative action to the contrary, States should be free to grant protection to trade secrets." *Id.* at 493.

This same approach was employed by the Court in *Goldstein v. California, supra,* which rejected a preemption challenge to a state criminal statute that prohibited the unauthorized duplication of musical recordings. In resolving the issue, the Court first concluded that the Constitution does not preclude states from granting copyrights and does not vest such authority exclusively in the federal government. 412 U.S. at 560. In determining whether this particular statute was void under the Supremacy Clause, the Court sought to ascertain whether the law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Id.* at 561, *quoting Hines v. Davidowitz,* 312 U.S. 52, 67 (1941). Upon examining the status of musical recordings under the 1909 Act and predecessor statutes, the Court concluded that Congress did not intend recordings "as renderings of original artistic performance, to be free from state control." 412 U.S. at 545. Congress had not "so occupied the field of copyright protection as to pre-empt all comparable state action." *Id.* at 567. Reaffirming its holdings in *Sears* and *Compco,* the Court stated:

> In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances.

> In regard to this category of "Writings," Congress has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70 (footnote omitted).

The Court directly addressed the question whether the exercise of the power to grant copyrights by some states will prejudice the interests of other states. In the Court's view, a state-created copyright is effective only within the borders of that state. Therefore, if one state grants such protection, the interests of other states are not prejudiced because their citizens are free to copy within their borders what may be protected elsewhere. The Court recognized that the interests of a state that grants copyright protection may be adversely affected by other states that do not, because an individual could go to another state to buy unauthorized copies of a work protected in his home state. Yet this conflict was considered neither so inevitable nor so severe as to demand exclusive federal control of copyright privileges. Similarly, the Court determined that the concurrent exercise of the authority to grant copyright-like protection would not necessarily create conflict. As stated by the Court, "where Congress determines that neither federal protection nor freedom from restraint is required by the national interest, it is at liberty to stay its hand entirely." *Id.* at 559.

Adopting the analysis employed in *Kewanee* and *Goldstein,* this Court has sought to determine whether Congress has taken "affirmative action contrary" to the common law right of publicity or decided that "federal protection or freedom from restraint is required by the national interest." The preceding discussion of Congress's intent in enacting the 1976 Act indicates that just the opposite is true — Congress fully intended to preserve state law protecting the right of publicity. While the 1976 Act does not directly

govern the instant action, *see* 17 U.S.C. § 301(b)(2), it does evidence congressional intent not to preempt this state law right.

Professor Nimmer, an eminent expert on copyright law, has observed that the scope of preemption under section 301 of the 1976 Act is comparable to that under the 1909 Act as interpreted by *Goldstein*. Nimmer § 1.01[B] at 1-7, n.22. In his view, "it seems likely that Section 301 merely codified *Goldstein*," with respect to works published before January 1, 1978, the effective date of the 1976 Act. *Id.* Under this interpretation, the 1976 Act's preemption provision could be applied to pre-1978 publications that allegedly violate a state law right. Section 301 provides that the federal copyright law preempts "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106...." However, determining whether a state right is "equivalent" to copyright is not always an easy chore. According to Professor Nimmer, if the act of reproduction, performance, distribution or display will in itself infringe the state-created right, then such right is preempted. *Id.* at 1-11. If other elements are required to constitute a state-created cause of action, then the right is not within the "general scope of copyright" and is not preempted. *Id.* As described above, the original draft of section 301 included examples of non-preempted state law rights, such as breach of contract, breach of trust, invasion of privacy, and defamation. Professor Nimmer has noted that in each example elements other than, or in addition to, the acts of reproduction, performance, distribution, or display are necessary to establish a state cause of action for an infringement of the right. *Id.* at 1-12. Stating that Congress considered the right of publicity "to be immune from preemption," Professor Nimmer asserts that "[i]nvasion of privacy and defamation may sometimes occur by acts of reproduction, distribution, performance or display, but the essence of those torts does not lie in such acts." *Id.* at 1-13 and n.49.

While the descendible right of publicity recognized in this action may be infringed by reproduction, distribution, or display, a cause of action for infringement cannot be asserted unless the assignee of the right demonstrates that the "celebrity" commercially exploited his name and likeness during his lifetime. *See Factors Etc., Inc. v. Pro Arts, Inc., supra,* 579 F.2d at 221-22; *Factors Etc., Inc. v. Creative Card Co., supra,* 444 F.Supp. at 283-84. In contrast to a copyright suit, the product at issue is a "persona" that has already been profitably marketed. *See Factors Etc., Inc. v. Creative Card Co., supra,* 444 F.Supp. at 283. As stated by the Second Circuit, the exploitation of a celebrity's name and image during his lifetime creates a "separate intangible property right." *Factors Etc., Inc. v. Pro Arts, Inc., supra,* 579 F.2d at 221. This right is not "equivalent" to a copyright, and an action for its infringement requires elements distinct from a copyright violation suit.

In *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977), the Supreme Court recognized that the right of publicity was consistent and could co-exist with federal copyright law. The defendant in *Zacchini* had broadcast the plaintiff's entire fifteen second human cannonball act and claimed the First Amendment privilege to report newsworthy events when sued for violating the plaintiff's right of publicity. The Ohio Supreme Court upheld the First Amendment claim, relying on *Time, Inc. v. Hill,* 385 U.S. 374 (1967), which rejected a right of privacy challenge against a magazine that had reported on a matter within the "public interest." The Supreme Court reversed, noting that *Time, Inc. v. Hill* "involved an entirely different tort from the 'right of publicity.' " 433 U.S. at 571. The Court observed that the state's interest in recognizing a right of publicity lay in protecting the performer's proprietary interest in his act and in encouraging such entertainment. This interest was described as "closely analogous to the goals of patent and copyright law." *Id.* at 573. Reiterating this point, the Court later asserted that the state law right

of publicity "provides an economic incentive for [the performer] to make the investment required to produce a performance of interest to the public." *Id.* at 576. This same consideration, said the Court, underlies the federal patent and copyright laws. Citing *Goldstein* and *Kewanee*, the Court thus concluded that "[t]he Constitution does not prevent Ohio from making a similar choice here in deciding to protect the entertainer's incentive in order to encourage the production of this type of work." *Id.* at 577 and n.18.

In light of the Congressional intent reflected in the legislative history of the 1976 Act, Supreme Court decisions discussing the interplay between state-created rights and federal copyright or patent law and the distinctions between the right of publicity and copyright, this Court concludes that the plaintiffs' right of publicity is neither contrary to nor preempted by federal law. This right covers an "area unattended" by federal law and is not equivalent to the general scope of copyright law. The plaintiffs' prior right to exploit the Presley name and image cannot be defeated by the defendants' attempt to copyright individual items. Nor is the defendants' allegation that the photograph was in the public domain an adequate defense to the plaintiffs' infringment action. The right of exploitation had *previously been established and exercised* and could not be thwarted by the use of a published photograph. The right of publicity, firmly supported by the Supreme Court and the Second Circuit, would be severely undermined if it could be so easily circumvented by using a photograph or representation allegedly copyrighted or within the public domain.

The "Right of First Refusal" Claim

The defendants' second so-called affirmative defense is that the publication and sale of the Presley poster was authorized by a contractual right of first refusal that Factors had granted Pro Arts with respect to all posters that Factors had the exclusive right to distribute. While the

Court rejects the plaintiffs' assertion that this defense has been waived, it finds the defendants' claim meritless.

In March 1977, Pro Arts and Factors entered into an agreement concerning the production and sale of posters and "iron-on transfers" depicting various celebrities. Exhibit H to Deposition of Michael P. Trikilis, taken on March 3, 1978 ("M. Trikilis Dep."). The first paragraph states that "Pro Arts grants to Factors the exclusive distributorship of iron-on transfers depicting . . . Farrah Fawcett, including the use of her name thereon, and the use of the copyright therefor, for a period of one year . . . ." The second paragraph delineates the terms under which Pro Arts has the exclusive right to sell iron-on transfers made by Factors. Paragraph six grants Factors the right to sell posters with Pro Arts copyright, including but not limited to the Farrah Fawcett poster. Other paragraphs describe terms regarding payment, royalties, records, and shipment of orders. The final paragraph in the agreement, number thirteen, states:

> Pro Arts also grants to Factors the first refusal to the exclusive distributorship for any other actors for whom *Factors* has the right to produce posters and iron-on transfers.

(Emphasis added).

The plaintiffs contend that the emphasized term is a typographical error and should read "Pro Arts." The parties intended Factors to have a right of first refusal to Pro Arts' property and did not intend to create reciprocal rights. As written, the paragraph is inherently confusing because Pro Arts could not grant Factors the right of first refusal to distribute posters and transfers that Factors already had the right to produce.

The defendants agree that the provision is ambiguous but the agreement ends there. In the defendants' view, the ambiguity should be resolved by reversing the placement of

the names "Pro Arts" and "Factors" in the first line. They point out that the agreement was drafted by Factors' counsel and that it included other errors on the face of the document. The defendants contend that the contract, as well as past practice and understandings between the parties, establishes that Pro Arts had a "right of first refusal for exclusive rights to distribute all posters and iron-ons that Factors had a right to distribute." Affidavit of Theodore N. Trikilis, sworn to March 5, 1980 ("Trikilis Aff.") at 7.

Paragraph thirteen was destined to create trouble between the parties because it was poorly drafted and is confusing on its face. The plain language of the provision does not grant Pro Arts any rights regarding property acquired by Factors. In his deposition testimony in an Ohio action between these parties, Harry Geissler, who signed the agreement on behalf of Factors, stated that paragraph thirteen contained a typographical error and that Pro Arts was aware of the mistake. According to Geissler, "I had no reason in the world to give [Pro Arts] the rights to anything because I had nothing, and we had no intentions, at that time, of going to buy things because we had everything we could do to control what we did." Deposition of Harry L. Geissler, taken on May 8, 1979 ("Geissler Dep.") at 97. While Geissler stated that Factors subsequently offered Pro Arts the rights to produce posters it had acquired, *id.* at 99, he did not characterize this arrangement as a contractual right of first refusal.

The deposition testimony of Pro Arts' vice-president Theodore N. Trikilis, also taken in the Ohio action, presents quite a different view. Trikilis maintained that the contract provided Pro Arts with a right of first refusal for properties acquired by Factors. Deposition of Theodore N. Trikilis, taken on June 26 & 27, 1979 ("Trikilis Dep.") at 175, 219-22, 231-34. After a fairly extensive discussion of the infamous paragraph thirteen, the following colloquy ensued:

Q. Prior to Pro Arts manufacturing, marketing and selling its Elvis Presley poster, did Pro Arts or you or anyone at Pro Arts contact anyone at Factors with respect to Elvis Presley?

A. I think that we had already secured the rights, prior to Factors having any alleged rights in their Elvis Presley license, to a photograph from the front page of the Atlanta Journal under which the copyright was owned by the photographer.

Q. Bud Skinner?

A. Bud Skinner. And we purchased those rights directly from Bud Skinner, all rights to the copyright and to the right to produce the photo as a photojournalistic approach to the — announcing the news of Presley's death.

Q. All right. Did —

A. Now wait a minute. Factors had not had a contract with Presley dated prior to our buying the copyright and buying the photo from Bud Skinner.

Q. I am not making an argument. I am simply asking a question.

A. So, no, we did not, because Factors did not have those rights to give us.

Q. All right. So you did not contact Factors with respect to the Elvis Presley poster prior to your coming out on the market with it, correct?

A. There was no need to.

Q. But you did not, correct?

A. Well, no, because they did not have the rights.

Q. And in fact the first contact you had with Factors with respect to your Elvis Presley poster was a cease

and desist letter received by Factors on the Elvis Presley poster, correct?

A. I would assume that was either a letter or telegram.

Q. A telegram; okay.

A. I'm just saying I don't know the exact date on it.

Q. Okay. You did not negotiate with Factors with respect to your Elvis Presley poster, in terms of a license or anything to that effect, did you?

A. On Elvis Presley we did not feel that a license was necessary.

Q. And that of course is still your position?

A. That is definitely our position. It was an infringement of our freedom of speech.

Q. In other words, one of your contentions in the other lawsuit [referring to this action] would be that you would have the right to produce, market and sell your Elvis Presley poster without any reference to Factors or any license from or relationship with Factors, correct?

A. Correct, and — yes, I would say that's very correct.

Q. And in fact Pro Arts is at present challenging Factors' right to the exclusive production, manufacture and distribution of items and merchandise with Elvis Presley's name and image on it, correct?

A. That's not correct. We are challenging Factors' right to restrain a newsworthy photograph of Elvis Presley utilized by the Atlanta Journal on the day of Presley's death that was later taken and disseminated to the rest of the United States. That photograph was a copyright owned and purchased by Pro Arts fully and totally. And that that photograph as a copyright remained part of our corporate copyright, and that that photograph belonged to Pro Arts entirely, and that we

had the rights under freedom of speech and under freedom of the press to distribute that poster under the Constitution of the United States.

Id. at 239-42.

The Court agrees with the defendants' assertion that the testimony quoted above does not constitute a waiver of a defense based on an alleged first right of refusal. However, Trikilis's statements do indicate that Pro Arts did not rely on any purported contractual rights when it published and distributed the Presley poster. Indeed, Factors did not acquire the right to commercially exploit the Presley name and likeness until August 18, 1977, which was just one day before Pro Arts first published the "IN MEMORY" poster. It appears, therefore, that Pro Arts did not even know about the rights acquired by Factors at the time that Pro Arts commenced publication. On August 24, 1977, Pro Arts notified Boxcar, not Factors, that it intended to distribute the poster. Exhibit E to M. Trikilis Dep. (Letter from Raymond Scott, attorney for Pro Arts, to Mr. C. Beverly Briley, Boxcar's counsel). Even if paragraph thirteen of the Pro Arts/Factors Agreement could be construed as creating a reciprocal right of refusal — a construction the Court does not favor — it is clear that no such right was exercised regarding the Presley poster.

Trikilis has submitted an affidavit to the Court that attempts to explain and elaborate upon his above-quoted deposition testimony in the Ohio action. He contends that the conflicts between his present assertions and the plaintiffs' allegations create genuine factual issues precluding summary judgment. The Court disagrees. Triable issues of fact cannot be conjured up merely by submitting an affidavit that attempts to retract or modify prior sworn testimony. *See SEC v. Research Automation Corp., supra,* 585 F.2d at 34; *Perma Research and Development Co. v. Singer Co.,* 410 F.2d 572, 578 (2d Cir. 1969); *Price v. Worldvision Enterprises, Inc.,* 455 F.Supp. 252, 264-66 (S.D.N.Y.),

aff'd, 603 F.2d 214 (2d Cir. 1978). Furthermore, Trikilis's contention that he and Pro Arts consistently maintained that reciprocal rights of first refusal were established by the contract does not affect the Court's conclusion that no such right, if it existed, was exercised or relied upon in this case. No evidence has been submitted demonstrating Pro Arts' invocation of its alleged contractual right. The conduct of the parties and the sequence of events giving rise to this action compels the contrary conclusion. Accordingly, the Court finds that the defendants' purported right of first refusal is not a defense to the plaintiffs' infringement action.

The "First Amendment" Defense

The defendants' final argument is that the publication of the poster is protected by the First Amendment because it commemorated a newsworthy event. Mindful that a decision on a preliminary injunction does not conclusively determine all the issues in a case, the Court concludes that its prior decision, and the Second Circuit's affirmance of that ruling, have fully addressed and rejected the defendants' constitutional claim.

In opposing this motion for summary judgment, the defendants have raised no new factual or legal issues pertaining to their First Amendment defense. Upon reconsidering the arguments made in the first round of this litigation, the Court adheres to its initial position that "[t]here is no constitutional protection for selling posters of Elvis Presley as Elvis Presley." 444 F. Supp. at 285. This view was unequivocally affirmed by the Second Circuit which stated "that Pro Arts' poster of Presley was not privileged as celebrating a newsworthy event." 579 F.2d at 222. While the right of publicity may have to yield to the First Amendment under certain circumstances, no constitutional privilege exists on the facts of this case. *See Zacchini v. Scripps-Howard Broadcasting Co., supra,* 433 U.S. at 578-79.

Cross-Motion for Vacation of Preliminary Injunction

More than two years after the issuance of a preliminary injunction, the defendants have moved to vacate that order on the grounds that (1) the Court abused its discretion by failing to order a full evidentiary hearing prior to granting the plaintiffs' preliminary injunction motion; (2) the Court erred in ordering that the deposition of Colonel Tom Parker, taken in connection with a different action, be incorporated in the record; and (3) the injunction is overly broad and conflicts with federal copyright law. For the reasons given briefly below, the Court rejects each of these arguments.

The Plaintiffs point out that the defendants raised their first two contentions before the Second Circuit and should thus be foreclosed from relitigating these points. Even apart from the question of preclusion, the Court concludes that the motion has not been made "within a reasonable time" as required by Federal Rule of Civil Procedure ("Rule") 60(b). Finally, the defendants' arguments are without merit.

A trial court has broad discretion in determining whether to hold a full evidentiary hearing on a preliminary injunction motion. *See Redac Project 6426, Inc. v. Allstate Insurance Co.*, 402 F.2d 789, 790 (2d Cir. 1968). In the case at bar, the defendants were granted additional time to submit affidavits and memoranda after the Court issued a temporary restraining order against them in a companion action. *See* Transcript of October 5, 1977 Hearing at 8, 10, 11. While the defendants filed additional papers concerning procedural issues, no further discovery was conducted and no attempt was made to controvert the facts pertinent to the merits of the preliminary injunction motion. Thus, on appeal, the Second Circuit stated that "the facts are not in dispute." 579 F.2d at 216. In short, an evidentiary hearing was not required and the injunction cannot be challenged on that ground.

The defendants contend that the inclusion of Colonel Parker's deposition in the record on appeal was prejudicial and violated Federal Rule of Evidence 804. The defendants, however, have failed to establish how they were prejudiced by this testimony. While it is true that the defendants were not directly represented at the deposition, the Court rejects their assertion that the testimony was never made available to them. To reiterate, the Second Circuit found that the facts were undisputed and defendants had ample opportunity to press this claim before the court of appeals. Finally, even if Colonel Parker's testimony constituted hearsay evidence, Rule 65(a) permits the use of evidence that would not be admissible at a trial on the merits in determining a motion for a preliminary injunction. *See SEC v. General Refractories Co.*, 400 F. Supp. 1248, 1255 (D.D.C. 1975).

The defendants' final objection is that the preliminary injunction is invalid under the 1976 Act. The injunction prohibits the sale of posters or reproductions containing any picture or likeness of Elvis Presley and the use of Presley's name or image for commercial profit. The terms of the order thus include not just the "IN MEMORY" poster but any subsequent items that the defendants may seek to distribute. The defendants contend that the plaintiffs' right of publicity is preempted pursuant to section 301 of the 1976 Act. Therefore, they argue, the injunction cannot restrain the distribution of items prepared and marketed after January 1, 1978, the effective date of the 1976 Act. This argument, however, has aiready been answered by the Court's ruling that the right of publicity is not preempted by the 1976 Act. Accordingly, the injunction may prohibit distribution of articles even after the effective date of that Act and is neither overly broad nor contrary to federal law.

Conclusion

The Court has reaffirmed its initial ruling that the plaintiffs posses a valid and transferable right of publicity that survived Elvis Presley's death. This right is neither contrary to nor preempted by federal copyright law. The defendants were not authorized to publish and sell the "IN MEMORY" poster pursuant to any alleged right of first refusal. Finally, distribution of the poster is not protected by the First Amendment.

The defendants' motion to vacate the preliminary injunction is denied. The plaintiffs' request for a permanent injunction embodying the terms of the preliminary injunction is granted. The defendants are thus premanently enjoined from (1) manufacturing, selling, or distributing any and all posters, reproductions, or copies identical or similar to the "IN MEMORY" poster; (2) manufacturing, selling, or distributing any other posters, reproductions, or copies containing any image, picture, or likeness of Elvis Presley; and (3) utilizing for commercial profit in any manner or form the name, image, photograph, or likeness of Elvis Presley other than pursuant to an agreement approved by the plaintiffs. The plaintiffs' damages demand is also granted to the extent they seek an amount equal to the profits received by the defendants from the unauthorized sale of the "IN MEMORY" poster. This matter is hereby referred to Magistrate Naomi R. Buchwald to conduct hearings on the amount of money to which the plaintiffs are entitled and to submit a recommendation to the Court.

So ordered.

CHARLES H. TENNEY
U.S.D.J.

Dated: New York, New York
July 29, 1980

No. 80-314

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

FACTORS ETC., INC.,

Petitioner,

vs.

MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Supreme Court should issue a writ of certiorari to review a decision of the Sixth Circuit interpreting Tennessee law with respect to the non-descendibility of the exclusive right to use one's name and likeness?

TABLE OF CONTENTS

Page

Question Presented ..... (i)

Table of Contents ..... (ii)

Table of Authorities ..... (iii)

Opinions Below and Jurisdiction 1

Constitutional Provisions Involved 2

Statement of the Case 2

Reasons for Denying the Writ 3

I. The Sixth Circuit Court of Appeals Properly Interpreted Tennessee Law to the Effect that the Exclusive Right to Use One's Name and Likeness Is Personal and Non-Descendible 4

II. The Decision of the Sixth Circuit Does Not Conflict with that of the Second Circuit Because It Interprets Tennessee Not New York Law 7

III. The Court of Appeals Neither Relied upon the First Amendment to Deny the Right Asserted by Petitioner Nor Did It, in Denying Such Right, Deprive Petitioner of Any First Amendment Guarantees 10

IV. The Sixth Circuit Decision Does Not Constitute a "Taking" under the Fifth Amendment to the Constitution Because There Was No Property Right in Tennessee upon which Factors Could Rightfully Depend. 11

Conclusion 12

TABLE OF AUTHORITIES

Cases: Page

Carr v. American Universal Insurance Co., 341 F.2d 220 (6th Cir. 1965) 4

Cordell v. Detective Publications, Inc., 419 F.2d 989 (6th Cir. 1969) 10

Current Audio, Inc. v. RCA Corporation, 71 Misc. 831, 337 N.Y.S. 2d 949 (1972) 9

Erie Railroad Co. v Tompkins, 304 U.S. 64 (1938) 4

Ettore v. Philco Television Broadcasting Corporation, 229 F.2d 481 (3d Cir. 1956) 8

Factors, Etc., Inc. v. Creative Card Co., 444 F. Supp. 279 (S.D.N.Y. 1977) 6,8

Factors, Etc., Inc. v. Pro Arts, Inc., 444 F.Supp 288 (S.D.N.Y. 1977), *aff'd* 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979) 6,8

Factors, Etc., Inc. v. Pro Arts, Inc., 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979) 7,8

Gautier v. Pro-Football, Inc., 304 N.Y. 354, 107 N.E. 2d 485 (1952) 8

Guglielmi v. Spelling-Goldberg Productions, 140 Cal. Rptr. 775 (Cal.App. 1977) 5

Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir. 1953), *cert. denied*, 346 U.S. 816 (1953) 8,9

James v. Screen Gems, Inc., 174 Cal.App.2d 650, 344 P.2d 799 (Cal.App. 1959) 6

Lombardo v. Doyle, Dane & Bernbach, Inc., 58 A.D.2d 620, 621, 396 N.Y.S.2d 661, 664 (1977) 8

Lugosi v. Universal Pictures, 25 Cal.3d 813, 603 P. 8 425 (1979), 160 Cal. Rptr. 323 5,7

Maritote v. Desilu Productions, Inc., 345 F.2d 418 (7th Cir. 1965) 5,9,11

Memphis Development Foundation v. Factors, Etc., Inc., 616 F. 2d 956 (6th Cir. 1978) 3,6,10-11

Miller v. Commissioner of Internal Revenue, 299 F.2d 706 (2d Cir. 1962) 5,7,11,12

Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821 (9th Cir. 1974) 5

Price v. Hal Roach Studios, Inc., 400 F.Supp. 836 (S.D.N.Y. 1975) 6,8

Roberson v. Rochester Folding Box. Co., 171 N.Y. 538, 64 N.E. 442 (59 L.R.A. 478) (1902) 8
Robinson v. Robinson's Inc., 9 Tenn.App. 104 (1928) 6,7
Runyon v. U.S., 281 F.2d 590 (5th Cir. 1960) 5
Schumann v. Loew's Inc., 135 N.Y.S.2d 361 (1954) 6
Werthan Bag Corp. v. Agnew, 202 F.2d 119 (6th Cir., $953) 5
Zacchini v. Scripps-Howard Broadcasting Co., 47 Ohio St. 2d 224, 351 N.E.2d 454 (1976), *rev'd on other grounds*, 97 S.Ct. 2849, 433 U.S. 562, 53 L.Ed.2d 965 (1977) 5

Constitutional and Statutory Authorities:

United States Constitution
Amendment I 4,11,12
Amendment V 4,11,12
New York Code:
N.Y. Civil Rights Law, Section 50 (McKinney 1948) 8
N.Y. Civil Rights Law, Section 51 (McKinney 1948) 8

Other Sources:

Prosser, *Handbook of the Law of Torts*, 832 (3d ed. 1964) ... 5
The Restatement of Torts 2d (Tentative Draft No. 13, 1967), Section 652 5

No. 80-314

In The

Supreme Court of the United States

OCTOBER TERM, 1980

FACTORS ETC., INC.,

Petitioner,

vs.

MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, Memphis Development Foundation ("Foundation"), respectfully prays that this Court deny the petition of Factors Etc., Inc. ("Factors") for a writ of certiorari to review the judgment of the United States Court of Appeals for the Sixth Circuit entered in this proceeding on March 6, 1980, reversing the judgment of the United States District Court for the Western District of Tennessee, entered on March 8, 1979, permanently enjoining Respondent from reproducing miniature replicas of a statue of Elvis Presley in connection with Respondent's non-profit fund-raising efforts to build a memorial to the late Elvis Presley in his home town, Memphis, Tennessee.

OPINIONS BELOW AND JURISDICTION

Respondent adopts Petitioner's statement regarding Opinions Below and Jurisdiction.

CONSTITUTIONAL PROVISIONS INVOLVED

None.

STATEMENT OF THE CASE

On August 18, 1977, two days after Elvis Presley's death, Boxcar Enterprises, Inc. ("Boxcar"), a Tennessee corporation and a vehicle used by Elvis Presley and his manager, Tom Parker, for commercial purposes, and Vernon Presley, representing Elvis Presley's estate, purported to license to the defendant, Factors, the exclusive right to the commercial use of the name and the likeness of Elvis Presley, in connection with the manufacture, sale, advertising and distribution of all merchandise bearing said name and likeness. Factors paid Boxcar $100,000.00 on execution of the agreement against a guaranteed payment of $150,000.00 App. 10a. This agreement was negotiated and executed, in whole or in part, within the state of Tennessee, and was, by its terms, to be construed in accordance with the laws of the state of Tennessee.

The purported license agreement provided that Factors would acquire all the rights of Boxcar "to use all available legal or equitable measures, whether by actions, suits, proceedings, settlements or otherwise," to prevent purported infringements or imitations by potential competitors. Shortly after the death of Presley the Memphis Development Foundation ("Foundation"), a non-profit corporation, began its project to build a statue as a memorial to the city's most famous inhabitant. It contracted with a sculptor to design the statue and embarked on a project to raise funds for construction of the statue. The fund-raising efforts included distribution of eight-inch replicas of the statue to donors of at least $25.00. App. 9a. When Factors learned of these efforts, it notified the Foundation that it had the exclusive right to use the name and likeness of Elvis Presley and demanded that the Foundation refrain from the distribution of statuettes as part of its fund-raising project. App. 10a. Factors took various actions to prevent the distribution of statuettes by the Foundation, including interference with the Foundation's placement of advertisements in a national publication.

The Foundation filed an action for a declaratory judgment on September 12, 1977, seeking an order from the district court declaring that the Foundation had a right to distribute to its

donors miniature replicas of a statue which it intended to build in Memphis in honor of the late Elvis Presley. App. 2a. Factors counterclaimed against the Foundation and sought an injunction prohibiting the Foundation from competing with Factors' sale of statuettes of Elvis Presley (see App. 10a) and thereby appropriating Factor's "exclusive" right to reap commercial value from the name and likeness of Elvis Presley. App. 2a.

Prior to his death, Presley had conveyed the exclusive right to exploit the commercial value of his name and likeness to Boxcar in exchange for royalties. App.2a. Foundation has contended that there was no specific exploitation of Elvis Presley's name and likeness on any statue or statuette during Presley's lifetime, and that any descendible commercial rights should not extend to those areas not actually utilized or exploited during his lifetime. App. 33a. The district court held that it did not have to reach this issue because it was satisfied from the evidence that there was a "determined effort" by Presley and others to control "the use to [sic] and right of exploitation and commercialization and publicity with regard to the Presley name, picture, image, likeness and personality, a very broad scale thing." App. 33a. Accordingly, Factors' position depends upon its claim to a general, exclusive and descendible right to the use of the name and likeness of Elvis Presley and not upon any specific exploitation of the name and likeness of Elvis Presley in statues or statuettes prior to the Foundation's announced project.

The district court granted a permanent injunction in favor of Factors after a hearing on a motion for summary judgment. App. 35a.

On appeal, the United States Court of Appeals for the Sixth Circuit reversed the decision of the lower court. 616 F. 2d 956, App. 1a. In a decision written by the Honorable Gilbert Merritt, the court held that the lower court erred in interpreting Tennessee law and that the right to the exclusive use of one's name and likeness terminates at death. Factors has petitioned this Court for a review of that decision.

REASONS FOR DENYING THE WRIT

This case is one involving the proper determination of a novel question of Tennessee law. Factors, in its petition for a

writ of certiorari, contends that this novel question should have been interpreted along lines suggested by various New York courts in recent decisions. It asserts that denial of recognition of a descendible property interest in one's name and likeness constitutes a "taking" by the Sixth Circuit Court of Appeals in violation of the Fifth Amendment to the Constitution. It further contends that the Sixth Circuit misinterpreted First Amendment requirements in support of its decision and that the decision itself is in conflict with decisions of the Second Circuit interpreting New York law on the same subject. At the heart of this argument is Factors' contention that non-uniform treatment of the property interest in one's name and likeness by the various states causes hardship to entertainers and other celebrities in the exploitation of their names and likenesses and discourages appropriate exploitation of such property interests.

Factors' arguments are designed to circumvent the doctrine of *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938), which prohibits the adoption of uniform federal common law. Moreover, as will be demonstrated in this Brief, the decisions of several New York courts establishing descendibility of the exclusive use of one's name and likeness, upon which Factors relies, are based upon unique facts and circumstances regarding New York law which make application of that law inappropriate and unnecessary in the state of Tennessee.

I.

The Sixth Circuit Court of Appeals Properly Interpreted Tennessee Law to the Effect That the Exclusive Right to Use One's Name And Likeness Is Personal and Non-Descendible

The Court of Appeals rightly determined that Tennessee courts have not addressed this issue directly or indirectly. App. 4a. In the absence of state decisions setting forth the state rule, the federal court must attempt to predict the ruling which a state court faced with the question would make. *Carr v. American Universal Insurance Co.*, 341 F.2d 220 (6th Cir. 1965).

In so doing, the court should adopt the prevailing rule of law and not strain to adopt a novel or minority legal theory. *Werthan Bag Corp. v. Agnew*, 202 F.2d (6th Cir. 1953).

The right to exploit one's name and likeness for commercial purposes has traditionally been viewed as one of the four branches of the right of privacy. Prosser, *Handbook of the Law of Torts*, 832 (3d ed. 1964); *The Restatement of Torts 2d* (Tentative Draft No. 13, 1967) §652. Where the plaintiff is one who has a commercial interest in making his name and likeness public, some courts have termed this particular intrusion upon the plaintiff's right of privacy as a violation of the plaintiff's "right of publicity." *Zacchini v. Scripps-Howard Broadcasting Co.*, 47 Ohio St.2d 224, 351 N.E.2d 454 (1976), *rev'd on other grounds*, 97 S.Ct. 2849, 433 U.S. 562, 53 L.Ed.2d 965 (1977). However, the use of the term "right of publicity" in connection with the right of an individual to control the commercial exploitation of his name does not, in itself, invest this right with all the characteristics traditionally associated with property, but rather conveys the idea that the individual has an exclusive right in his name which has a pecuniary value and is proprietary in that he can capitalize upon this right by licensing others to use his name and likeness. *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir. 1974).

In the instant case, Factors has asserted that because this right has been characterized in some cases as "property," it is therefore invested with all the characteristics of property, including descendibility. However, the characterization of the right of an individual to use his own name and likeness as a "proprietary right" or as "property" does not operate to turn name and likeness into descendible property separate from the right of the individual to exploit them.

A majority of the cases which have dealt with this subject have held that the right to the exclusive use of one's name and likeness is not descendible. *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418 (7th Cir. 1965) (applying Illinois law); *Miller v. Commissioner of Internal Revenue*, 299 F.2d 706 (2d Cir. 1962) (New York law); *Runyon, Jr. v. U.S.*, 281 F.2d 590 (5th Cir. 1960) (New York law); *Lugosi v. Universal Pictures*, 25 Cal. 3d 813, 160 Cal. Rptr. 323, 603 P.2d 425 (1979) (California law); *Guglielmi v. Spelling-Goldberg Productions*, 140 Cal. Rptr, 775 (Cal. App. 1977) (California law); *James v. Screen Gems, Inc.*,

174 Cal. App. 2d 650,344 P.2d 799 (Cal. App. 1959) (California law); *Schumann v. Loew's, Inc.*, 135 N.Y.S.2d 361 (Sup.Ct. 1954) (New York law).

In conflict with these cases there are three cases all relatively recent and all originating in the United States District Court for the Southern District of New York. *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D.N.Y. 1975); *Factors Etc., Inc., v. Creative Card Co.*, 444 F.Supp. 279 (S.D.N.Y. 1977) and *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F.Supp.288 (S.D.N.Y. 1977), *aff'd*, 579 F.2d 215 (2d Cir. 1978), *cert denied*, 440 U.S. 908 (1979).

The Sixth Circuit Court of Appeals entertained the possibility that Tennessee courts would recognize a new, descendible and exclusive right to exploit one's name and likeness, but properly weighed the competing policy arguments relating to the recognition of such a right, and properly concluded that such a rule would be more disruptive of society's goals and expectations than denial of such a right. Among other things the Court concluded, as expressed in Judge Merritt's decision, that recognition of such rights would create a "whole set of practical problems of judicial line drawing." 616 F.2d at 959, App. 5a. The District Court anticipated such problems but chose to ignore rather than to deal with them. App. 32a-33a.

In its petition, Factors contends that the Sixth Circuit Court of Appeals overlooked important decisions of the Tennessee courts relating to property interests in the name and likeness of an individual. Specifically, Factors referred to *Robinson v. Robinson's Inc.*, 9 Tenn. App. 103 (1928). The *Robinson* case did not focus on the right of an individual to the exclusive use of his name and likeness. Instead, it held that a corporation may not adopt as its own corporate name a name similar to the trade name of a person or concern already engaged in a similar business, where the use of that name will have the effect of deceiving the public. The use over a long period of time of the name "Robinson's" as the name of a drug store was held to have created a trade name or "goodwill," the right to which could descend to the heir to the business. However, that right was not established as an outgrowth of any alleged right to the exclusive use of one's name and likeness, but rather to the right to be free from unfair competition in practices aimed at appropriating the business advantage of another.

The California Supreme Court, in *Lugosi v. Universal Pictures, supra*, has skillfully explained the difference between recognition of a descendible right to the exclusive use of one's name and likeness, and recognition of rights such as those described in *Robinson*. The California Court held that use of an individual's name in connection with a particular product or service can create a "secondary meaning" in the exploited item which is separate and apart from the name and likeness of the individual. For example, John Hancock Mutual Life Insurance Company has an identity independent of John Hancock. The fact that the John Hancock trade name is descendible in connection with the insurance company does not mean that the heirs of John Hancock can prevent the use of his name and likeness in perpetuity in previously unexploited ways.

II.

The Decision of the Sixth Circuit Does Not Conflict With That of the Second Circuit Because It Interprets Tennessee Not New York Law

As previously discussed, three cases arising out of the Southern District of New York have held that there is a descendible "right of publicity". Those decisions, including the decision of the Second Circuit in *Factors Etc., Inc. v. Pro Arts, Inc.* 579 F.2d 215 (2d Cir. 1978), *cert. denied.* 440 U.S. 908 (1979), purport to interpret New York Law.

The decision of the Second Circuit, together with the other lower court decisions in the Southern District of New York, must be viewed as aberrations in the development of the law of privacy. In interpreting the scope of the rights attendant upon the individual's name and likeness, the Southern District of New York and the Second Circuit are clearly in conflict with the decisions of other courts, including that of the Second Circuit itself in *Miller v. Commissioner, supra.* In the instant case there is no doubt (and there is no dispute) that the Sixth Circuit Court of Appeals was bound by the law of the state of Tennessee. Moreover, the peculiar configuration of the law in New York regarding the right of privacy and the right of publicity makes application of that law, or cases construing that law, clearly inappropriate in construing the law in Tennessee.

The Court of Appeals of New York established as early as 1902 that New York has no common law right of privacy. *Roberson v. Rochester Folding Box Co.*, 171 N.Y. 538, 64 N.E. 442 (59 L.R.A. 478) (1902). In response to the *Rochester Folding Box* decision, the New York legislature passed a statute establishing certain privacy rights. N.Y. Civil Rights Law §51 (McKinney 1948). But this statutory right has been narrowly construed (apparently because the companion section, N.Y. Civil Rights Law §50 (McKinney 1948), is a criminal provision) to give an individual a right of action only for injury to his feelings resulting from the connection of his name or picture to a particular product, thereby using his name or picture for advertising or trade purposes. *Gautier v. Pro-Football, Inc.*, 304 N.Y. 354, 107 N.E.2d 485 (1952); *Ettore v. Philco Television Broadcasting Corporation*, 229 F.2d 481 (3rd Cir. 1956). The New York federal courts have attempted to avoid the seemingly unjust decision of *Gautier*, in which an animal trainer was not allowed recovery under the statute for the unauthorized broadcast of his performance, because the entire program did not constitute a solicitation of patronage so as to bring him within the coverage of the statute. The Second Circuit in *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.,), *cert. denied*, 346 U.S. 816 (1953), did so by suggesting the existence of a "right of publicity," ignoring the *Gautier* and *Roberson* decisions. This was necessary in order to permit recovery apparently because the right granted under the New York statute was personal and not assignable. 202 F.2d 866, 868. The District Court for the Southern District of New York in *Price v. Hal Roach Studios, supra*, and in *Factors v. Creative Card, supra*, and *Factors v. Pro Arts, supra*, and the Second Circuit in *Pro Arts*, have elaborated on the distinction without a difference enunciated by the *Haelan* court, and emphasized the "property" aspects of the "right of publicity" in order to distinguish it from a right of privacy. In so doing, without any precedential support but through a mere play on words, they have attached new attributes to the right to exploit name and likeness, including descendibility. See also, *dictum* in *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 621, 396 N.Y.S.2d 661, 664 (1977). Cf. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc. supra*, which emphasizes the immateriality of characterizing the right to the exclusive use of one's name and likeness as a "property right."

However, in *Current Audio, Inc. v. RCA Corporation*, 71 Misc. 2d. 831, 337 N.Y.S. 949 (1972), a case which, ironically, involved the use of the name and likeness of Elvis Presley prior to his death , a New York state court has given the "right of publicity" a much more restricted formulation than the one created by the Southern District. In *Current Audio*, the RCA Corporation sought a temporary injunction against the publication of a multi-media magazine containing a phonograph recording of a press conference given by Elvis Presley shortly before his appearance in a series of concerts at Madison Square Garden in June of 1972. In denying RCA's claim that such publication would constitute an infringement upon its exclusive rights to manufacture and sell recordings by Elvis Presley and to use Elvis Presley's name and likeness in connection with advertising of said recordings, the Supreme Court of New York County held the "right of publicity" enunciated in the *Haelan Laboratories* case was "a collateral outgrowth of the 'law of privacy,'" and a "positive recognition of the pecuniary value which attaches to the names and pictures of public figures... and the right of such people to this financial benefit." 337 N.Y.S.2d at 954.

There are compelling policy reasons behind the decisions of a majority of courts that this right to exploit one's identity must terminate at death. Permitting this right to survive would force courts to decide to whom the right to exploit should pass, how long it should survive, and what type of exploitation could be comprehended within the right. The creation of a descendible right and the decisions as to its scope are not appropriate for the judicial process, but rather are the province of the legislature. As the Ninth Circuit said in *Maritote v. Desilu Productions, Inc., supra*, in holding that the commercial appropriation of a deceased person's name and likeness does not give rise to a cause of action for invasion of privacy:

> If the law is to be otherwise, it should be attained by legislative enactments....This court has and makes no pretense to having any lawmaking power. 345 F.2d 418, 420.

In short, by far the largest number of courts which have dealt with this subject have rejected the idea that there exists a common law "right of publicity" which is separate and apart from a right of privacy and which is descendible. The three

relatively recent cases in the Southern District of New York which are in conflict with these decisions can be distinguished as arising out of the peculiar statutory history of that state and the fact that New York courts have not recognized a common law right of privacy, and these decisions should be disregarded in any event as judicial attempts to legislate a new kind of property right.

The intellectual bootstrapping of the United States District Court for the Southern District of New York and the Court of Appeals for the Second Circuit is unnecessary in states such as Tennessee which recognize the common law right of privacy. See *Cordell v. Detective Publications, Inc.*, 419 F.2d 989 (6th Cir. 1969). In these states the right to exploit one's name and likeness is adequately protected.

III.

The Court of Appeals Neither Relied Upon the First Amendment to Deny the Right Asserted by Petitioner Nor Did It, in Denying Such Right, Deprive Petitioner of Any First Amendment Guarantees

By distorting a single sentence in the Circuit Court's opinion, Factors attempts to transform a decision construing state law into a First Amendment decision. Neither the petitioner nor the respondent laid serious claim to First Amendment protections in the proceedings below; and the only reference to the First Amendment in the opinion of the Court of Appeals was in cataloging the numerous problems of judicial line-drawing which would arise *in future cases*, should the courts recognize the inheritability of the right asserted by petitioner in the instant case:

> How long would the "property" interest last? In perpetuity? For a term of years? Is the right of publicity taxable? At what point does the right collide with the right of free expression guaranteed by the first amendment? Does the right apply to elected officials and military heroes whose fame was gained on the public payroll, as well as to movie stars, singers and athletes? Does the right cover

> posters or engraved likenesses of, for example, Farah Fawcett Majors or Mahatma Gandhi, kitchen utensils ("Revere Ware"), insurance ("John Hancock"), electric utilities ("Edison"), a football stadium ("RFK"), a pastry ("Napoleon"), or the innumerable urban subdivisions and apartment complexes named after famous people? 616 F.2d 956, 959, App. 5a-6a.

In its opinion excerpted above, the Court of Appeals was not grounding its decision on constitutional doctrine. Instead, it was pointing out, by apt illustrations, why it would be inappropriate for courts to create a new and descendible right under state law which, by its own definition, would have no self-limited aspects — the same conclusion reached fifteen years earlier by the Ninth Circuit in *Maritote v. Desilu Productions, Inc., supra.* If such a right is to be created, it should be done by legislative enactment, with appropriate limitations such as exist under our copyright laws. For a court to refuse to indulge in such lawmaking is neither to deny First Amendment protection to one seeking such right, nor to use the First Amendment as a basis for disparaging such right. It is, instead, simply a court's recognition of the proper and time-honored separation of the judicial and legislative function.

IV.

The Sixth Circuit Decision Does Not Constitute a "Taking" Under the Fifth Amendment to the Constitution Because There Was No Property Right in Tennessee upon which Factors Could Rightfully Depend

Factors makes much of the fact that it paid $100,000 to $150,000 for the "exclusive right" to exploit the name and likeness of Elvis Presley after his death. But the fact that money was paid for asserted rights does not in itself create rights. The court in *Miller* rejected the argument of the plaintiff that the payment by Universal Pictures Company to Mrs. Glenn Miller of $409,336.34 for similar "rights" demonstrated the sale of a "property right." The court noted that many things can be sold, such as time and experience, which are not

property, and which are not inheritable. Here, said the court, what was bought was not "property" but freedom from the fear that a new theory of "property" might be advanced. The business judgment of Universal in making this payment was not at fault, suggested the court in a footnote particularly applicable to the case at bar:

> One must remember that, the techniques of advertising and promotion being what they are, timing is very important and a successful motion for preliminary injunction made by one who claims a "property right" might be as disastrous as a final award for damages. One can easily find wisdom in this payment by Universal without finding that it paid for "property." 299 F.2d 706, 710 n. 8.

The court held that the beneficiaries of the estate of Glenn Miller did not receive by descent any capitalizable property "in the name, reputation, right of publicity, right of privacy or public image of the deceased." 299 F.2d 706, 711.

CONCLUSION

Factors has attempted to elevate a question of state law to the level of a constitutional question by asserting that the decision of the Sixth Circuit has a substantial social and pecuniary impact, infringing on Factors' First and Fifth Amendment rights. The Foundation, had the decision gone the other way, could have made an equally sound case for review of the decision on similar grounds, because the logic of Factors' argument mandates Supreme Court review of every decision which denies rights being asserted by one party or the other under state law.

The decision of the Sixth Circuit was based upon a balanced weighing of appropriate public policy interests and a realistic anticipation of the result that would be reached by the Tennessee Supreme Court. It is consistent both with the majority of opinions from other jurisdictions on this subject and with commonly held expectations. It is not in conflict with decisions of other circuits, does not depart from the accepted and usual course of judicial proceedings, and is not the type of decision that should be reviewed by this Court on a petition for writ of certiorari. Rule 19 (1) (b), U.S. Sup.Ct.

For the foregoing reasons, Memphis Development Foundation prays that this Court deny Factors' petition for a writ of certiorari.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

FACTORS ETC., INC.,

Petitioner,

v.

MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

REPLY BRIEF OF PETITIONER

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TABLE OF CONTENTS

PAGE

Introduction 1

ARGUMENT 1

I. The Sixth Circuit's Ruling Was Not Cast, and Cannot Be Defended, as an "Interpretation" of Tennessee Law; On the Contrary, *Erie* Principles Independently Warrant Reversal of the Judgment Below 1

II. If the Tennessee Supreme Court Would Indeed Have Decided the Instant Case as the Federal Circuit Court Did, the State Tribunal's Decision Would Have Been So Radically Unpredictable as to Violate Fourteenth Amendment Due Process 5

III. The Underlying Conflict Between the Sixth and Second Circuits Cannot Be Evaded by Minimizing the Significance of the First Amendment Issues Presented by the Opinion Below 6

CONCLUSION 8

TABLE OF AUTHORITIES

Cases:

Bouie v. *City of Columbia*, 378 U.S. 347 (1964) 5

Bradford & Carson v. *Montgomery Furniture Co.*, 115 Tenn. 610, 92 S.W. 1104 (1915) 3n

Erie Railroad Co. v. *Tompkins*, 304 U.S. 64 (1938) 1, 2, 3n, 5, 7, 8

Gugliemli v. *Spelling-Goldberg Productions*, 140 Cal. Rptr. 775 (Ct. App. 1977) 4n

PAGE

Hughes v. *Washington*, 389 U.S. 290 (1967) 6

James v. *Screen Gems, Inc.*, 174 Cal.App.2d 650, 344 P.2d 799 (Ct. App. 1959) 4n

Lugosi v. *Universal Pictures*, 25 Cal.3d 813, 160 Cal. Rptr. 323, 603 P.2d 425 (1979) 4n, 5n

Lynch v. *United States*, 292 U.S. 571 (1934) 5

Maritote v. *Desilu Productions, Inc.*, 345 F.2d 418 (7th Cir. 1965) 4n, 5n

Miller v. *Commissioner*, 209 F.2d 706 (2d Cir. 1962) 4n

Railroad Commission v. *Pullman Co.*, 312 U.S. 496 (1941) 2, 6

Richmond Newspapers, Inc. v. *Virginia*, 100 S.Ct. 2814 (1980) 5

Robinson v. *Robinson's, Inc.*, 9 Tenn.App. 103 (Ct.App. 1929) 2n, 3n

Runyon v. *United States*, 281 F.2d 590 (5th Cir. 1960) 4n

Schumann v. *Loew's*, 135 N.Y.S.2d 361 (Sup. Ct. 1954) 3n, 5n

The Stratton Claimants v. *The Morris Claimants*, 89 Tenn. 497, 15 S.W. 87 (1891) 3n

Zacchini v. *Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) 7

Constitutional Authorities:

United States Constitution:

Article VI 6

Amendment I 6, 7, 8

Amendment X 5

Amendment XIV 5, 6, 7

In the

Supreme Court of the United States

October Term, 1980

Factors Etc., Inc.,

Petitioner,

v.

Memphis Development Foundation,

Respondent.

REPLY BRIEF OF PETITIONER

Introduction

Pursuant to Rule 22.5 of the Rules of this Court, petitioner Factors Etc., Inc. ("Factors"), files this brief in reply to the Brief of Respondent Memphis Development Foundation ("the Foundation") in Opposition to Petition for Certiorari, filed with this Court on September 29, 1980.

ARGUMENT

I.

The Sixth Circuit's Ruling Was Not Cast, and Cannot Be Defended, as an "Interpretation" of Tennessee Law; On the Contrary, *Erie* Principles Independently Warrant Reversal of the Judgment Below.

The Foundation's characterization of the judgment below as "[an] attempt to predict the ruling which a [Tennessee] court faced with the question would make," Opposition at

4, is unavailing for three reasons. First, the Sixth Circuit declared itself utterly *unable* "to assess [the] predisposition" of Tennessee courts on the instant issue. App. 4a. But the court below did *not* then turn to "the prevailing rule of law" for guidance, as the Foundation asserts, Opposition at 5, or stay its hand pending consideration of the issue by the state's courts. *Cf. Railroad Commission* v. *Pullman Co.*, 312 U.S. 496 (1941). Instead, the circuit court frankly chose to decide whether, purely as policy, "the right of publicity *should* . . . be given the status of a devisable right." App. 4a (emphasis added). So deciding the instant issue, the Sixth Circuit can hardly be said to have "refuse[d] to indulge in . . . lawmaking . . . [in] recognition of the proper and time-honored separation of the judicial and legislative function," Opposition at 11, as the Foundation contends. Its judgment was a naked "attempt[ ] to legislate a . . . property right," *id.* at 10 out of existence.

Second, even if the court below *had* undertaken to "adopt the prevailing rule of law," *id.* at 5, its decision would be utterly unsupportable—a bald repudiation of *Erie Railroad Co.* v. *Tompkins*, 304 U.S. 64 (1938). For as the district court expressly recognized, App. 22a, 31a-32a, and as a different panel of the Sixth Circuit tacitly acknowledged in affirming the district court's grant of preliminary injunctive relief for Factors, App. 27a-28a, the state's courts *had* in fact resolved closely analogous controversies, rendering decisions all of which pointed directly toward a result diametrically opposed to the judgment rendered by the federal tribunal below.[1]

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[1] *See* Petition at 18 n.12. The Foundation attempts to defend the Sixth Circuit's inexplicable disregard of *Robinson* v. *Robinson's, Inc.*, 9 Tenn.App. 103 (Ct.App. 1929), on the remarkable ground that *Robinson*, decided 50 years ago, was not verbalized in terms of the descendibility of the right of publicity. *See* Opposi-

Third, it is flatly and demonstrably false that a "majority"—or, so far as appears, *any*—"of the cases which have dealt with this subject [in other jurisdictions] have held that the right to the exclusive use of one's name and likeness is not descendible." Opposition at 5. Examination of each of the seven cases said by the Foundation to typify "the prevailing rule of law," *id.*, reveals that this so-called "prevailing rule" is no rule at all.[2] At best, there-

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tion at 6-7. But nothing in the instant case renders inapplicable *Robinson*'s central teaching that the value arising from the use of one's name in the course of a distinct commercial enterprise constitutes a property interest in Tennessee that does not terminate upon one's death.

It is true that the deceased in *Robinson* did not establish his commercial enterprise *in order* to exploit the value of his name, and that his name acquired its value from its connection to the sale of commodities other than his creative or artistic talents. But nothing in *Robinson* suggested that such circumstances were crucial; thus their absence in the instant case was certainly no warrant for federal judicial termination, upon Presley's death, of his assignee's right under Tennessee law to prevent direct competitors from exploiting the commercial value of his name and image. *See* Petition at 3, 23a.

In disregarding not only *Robinson* but also such other guiding Tennessee precedents as *The Stratton Claimants* v. *The Morris Claimants*, 89 Tenn. 497, 514, 15 S.W. 87, 90 (1891), and *Bradford & Carson* v. *Montgomery Furniture Co.*, 115 Tenn. 610, 618, 92 S.W. 1104, 1106 (1915) (both cited by Factors, Petition at 18 n.12, but ignored by the Foundation), it was the court below—and surely not Factors, as the Foundation alleges, Opposition at 4—that "circumvent[ed] the doctrine of *Erie*." *Id.*

[2] In none of these seven cases was the existence of a descendible right of publicity at issue in circumstances even remotely analogous to those of the instant case. In fact, the courts in all of those cases declined, for a variety of reasons, even to *decide* whether applicable state law recognized the descendibility of such a property right where, as here, such a right had been exercised and assigned by the deceased during his life.

Thus in one "prevailing rule" case, plaintiffs had failed to allege sufficient facts to establish that *they* were the owners of the property interest they claimed in an ancestor's name. *Schumann* v. *Loew's*, 135 N.Y.S.2d 361, 369 (Sup. Ct. 1954). In another, plaintiffs had failed even to *allege* infringement of any property right

fore, the decision below represents a federal rule indefensibly fashioned in disregard of applicable state law, a usur-

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they may have held in the deceased's name, likeness, or personality. *Maritote* v. *Desilu Productions, Inc.*, 345 F.2d 418, 419-20 (7th Cir. 1965). In still another, the property right claimed was merely the "interest of monetary value" the widow of Jesse James, Jr., claimed accrued to her from the simple fact that she carried his name. *James* v. *Screen Gems, Inc.*, 174 Cal.App.2d 650, 652, 344 P.2d 799, 800 (Ct.App. 1959).

Two other cases cited by the Foundation involved questions of federal tax law. In *Miller* v. *Commissioner*, 209 F.2d 706, 710 (2d Cir. 1962), the Second Circuit held that certain payments by a movie studio to the widow of Glenn Miller were properly treated as ordinary income rather than capital gain, concluding that the studio had not paid to purchase from her any devisable property right she might have had in her late husband's name and image, but to secure her promise not to sue the studio for infringement of such a right—the existence of which the court did *not* deny. And in *Runyon* v. *United States*, 281 F.2d 590, 592 (5th Cir. 1960), the Fifth Circuit held that the transfer by a deceased author's son to a movie studio of certain supposed rights in his late father's name and life story was too restricted and contingent to constitute a "sale" for federal tax purposes; the court *declined* to decide whether the son had ever actually owned what he purported to transfer or whether what he purported to transfer was in fact property.

The two other cases presented as examples of "the prevailing rule" involved the claim that a celebrity's sheer *opportunity* to exploit his name and likeness for commercial purposes, unexercised during his life, is a property interest that descends to his heirs upon his death. *Lugosi* v. *Universal Pictures*, 25 Cal.3d 813, 822, 160 Cal.Rptr. 323, 328, 603 P.2d 425, 430 (1979); *Guglielmi* v. *Spelling-Goldberg Productions*, 140 Cal.Rptr. 775, 779 (Ct. App. 1977). As the four-justice majority in *Lugosi* observed, "[a]ssertion by the heirs of the right to exploit their predecessor's name and likeness [in] commercial situations he left unexploited simply is *not* the exercise of that right by *the person* entitled to it." 25 Cal.3d at 823, 160 Cal.Rptr. at 329, 603 P.2d at 431 (emphasis in original) (footnote omitted). (Only in dictum did the *Lugosi* majority suggest, *see* Opposition at 7, that California law would not recognize the existence of a descendible right of publicity beyond those instances in which a person had joined his name or a particular likeness to a specific business venture or property as a tradename or trademark.)

As Factors has shown, however, Petition at 16-17, there is no dispute that Elvis Presley during his life *exercised* his exclusive right of publicity through detailed and comprehensive licensing

pation of law-making power reserved by *Erie* and the Tenth Amendment to the legal systems of the several states, and a repudiation of our federal structure's commitment to "a healthy pluralism." *Richmond Newspapers, Inc.* v. *Virginia,* 100 S.Ct. 2814, 2843 (1980) (Rehnquist, J., dissenting).

II.

If the Tennessee Supreme Court Would Indeed Have Decided the Instant Case as the Federal Circuit Court Did, the State Tribunal's Decision Would Have Been So Radically Unpredictable as to Violate Fourteenth Amendment Due Process.

Assuming that Tennessee law actually did conceal a rule licensing the public to plunder a performer's contractually assigned and commercially valuable right of publicity upon his demise—a rule laying in wait to cancel, suddenly and without warning, entirely justified reliance-inducing expectations in commercial affairs—then applying such a rule would have constituted a deprivation of property without due process of law. *Cf. Bouie* v. *City of Columbia,* 378 U.S. 347, 353-54 (1964); *Lynch* v. *United States,* 292 U.S. 571

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arrangements; that such an exclusive right of publicity was recognized and deemed validly assignable during Presley's life under governing Tennessee law; and that this right was in fact validily assigned, three years before Presley's death, to the corporation from which Factors purchased it after he died. *See id.* at 3. Except for the *Lugosi* dictum, literally every case cited by the Foundation as having "rejected the idea that there exists a common law 'right of publicity' . . . which is descendible" when exercised by the deceased during his life, Opposition at 9, in fact reserves that question—even when denying the existence of a descendible right of *privacy*. *See Schumann, supra,* 135 N.Y.S.2d at 365-68 (applying New York law); *Maritote, supra,* 345 F.2d at 418-19 (applying Illinois law). Thus these cases also accept—not reject, as the Foundation asserts—"the idea that there exists a common law 'right of publicity' which is separate and apart from a right of privacy." Opposition at 9.

(1934). *See also Hughes* v. *Washington*, 389 U.S. 290, 298 (1967) (Stewart, J., concurring in judgment) (due process forbids uncompensated taking, whether unintended or deliberate, effected by unforeseeable change in state property law as expounded by a state's highest court). Due regard for the integrity of the Tennessee judiciary should certainly have restrained the Sixth Circuit from attributing to the state's courts a willingness unconstitutionally to impose such a rule. *Cf. Pullman, supra.* In any event, the Supremacy Clause itself required the court below, called upon to apply state law in a diversity case, to disregard any supposed state rule whose application would violate the Fourteenth Amendment.

III.

The Underlying Conflict Between the Sixth and Second Circuits Cannot Be Evaded by Minimizing the Significance of the First Amendment Issues Presented by the Opinion Below.

The Foundation could not and does not deny that it would be intolerable "for the existence of a First Amendment privilege to pirate a dead performer's name and face to vary from circuit to circuit," Petition at 15, or that the Second Circuit has in fact expressly rejected the existence of such a privilege on facts indistinguishable from those in this case. *See id.* at 13-15.[3] Conceding that the court

[3] The Foundation's assertion that "the decision of the Sixth Circuit does not conflict with that of the Second Circuit because it interprets Tennessee not New York law," Opposition at 7, addresses a non-issue. It is not the Second and Sixth Circuits' interpretations of *state law* that are said to conflict, but rather their views "on what the First Amendment itself signifies for the right of publicity," Petition at 15—two irreconcilable and clashing conceptions of "the reach and meaning of the First Amendment, particularly as applied to national commerce in the

below did state that First Amendment considerations militated against judicial protection of a descendible right of publicity, Opposition at 10-11, the Foundation minimizes this obvious conflict between the Sixth and Second Circuits by arguing that the court below regarded " 'the right of free expression guaranteed by the first amendment,' " *id.* at 10, quoting App. 5a, as but one of several "apt illustrations," *id.* at 11, weighing against court protection of "the inheritability of the right asserted by [Factors]." *Id.* at 10.

If the Foundation thus suggests that the Sixth Circuit, in invoking the First Amendment, was obliquely *explaining* its inattention to applicable Tennessee law, *see* n.1 *supra,* then the Foundation simply demonstrates anew why the judgment below violates *Erie*—as well as *Zacchini* v. *Scripps-Howard Broadcasting Co.,* 433 U.S. 562 (1977). *See* Petition at 9-11. If, instead, the Foundation thus suggests that the Sixth Circuit, in presenting its First Amendment analysis, was *predicting* how Tennessee state courts would expound state property law based on their own view of how "federal constitutional consideration [should lead them] to construe and apply [Tennessee] law," *Zacchini, supra,* 433 U.S. at 568, then it follows that the Tennessee courts, by acting as so predicted, would *themselves* be misapplying the First and Fourteenth Amendments. *Zacchini, supra.* And it bears repeating that *Erie* directs federal judges to follow state law *only insofar as consistent with the United States Constitution*—not to mimic anticipated state-court results that would conflict with the supreme law of the land.

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fruits of national fame." *Id.* Ignoring the point, the Foundation expostulates irrelevantly—and erroneously—about New York's "peculiar" rights of privacy and publicity, Opposition at 7, 10, and about supposed scheming by judges of the Southern District of New York and the Second Circuit "to legislate a new kind of property right." *Id.* at 10.

CONCLUSION

The *Erie* doctrine must not be perverted into a *new* "brooding omnipresence"—one under which a melange of policy concerns may be invoked by federal courts to defeat claims squarely grounded in state law. That such claims may contain elements of the intangible and the novel cannot be taken to permit federal courts sitting in diversity cases to fashion their own preferred approaches to resolving the issues before them. Particularly where such federal power is deployed in derogation of substantial property expectations, and in loose alliance with supposed First Amendment considerations that both this Court and the Second Circuit have held inapposite, the time has come to reestablish the proper boundaries of federal judicial authority in cases such as this. Thus the instant petition should be granted and the judgment below should be reversed.

Respectfully submitted,

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